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**DEFENCE ACCOUNTS DEPARTMENT**

**OFFICE MANUAL – PART XIV  
FOR  
PCDA/CsDA (R&D)**

**FIRST EDITION**

**For use of Defence Accounts Department only**

**Issued by the authority of  
CONTROLLER GENERAL OF DEFENCE ACCOUNTS**





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## **PREFACE**

This manual contains information regarding the organizations of PCDA (R&D), New Delhi and CsDA (R&D), Hyderabad & Bengaluru and general instructions in respect of procedures to be followed in these organisations. All officers and members of the establishments are expected to make themselves fully conversant with the contents of the manual.

2. This manual is a departmental publication and the instructions contained in this manual are supplementary to the rules prescribed in Civil & Defence Audit and Accounts Codes, Civil Service Regulations, Financial and other Regulations and Purchase Management 2006 and these need not be quoted in the correspondence with offices outside Defence Accounts Department. The instructions contained in various departmental manuals like Office Manual Part II, Army Local Audit Manual & other Departmental Manuals have been taken into account while preparing this manual. The instructions in this manual are intended to be of general application but the Controllers may, if necessary, vary them in matters which suit their local conditions. Any change, which involves a substantial departure from the instructions contained in this manual, should, however, not be effected without the prior approval of the Controller General of Defence Accounts.

3. The Principal Controller of Defence Accounts (R&D) New Delhi will be responsible for keeping the manual corrected and up to date. For this purpose, he will propose corrections periodically in consultation with other CsDA (R&D) and send the draft amendments to CGDA in duplicate for approval quoting orders on which the amendment/corrections proposed are based.

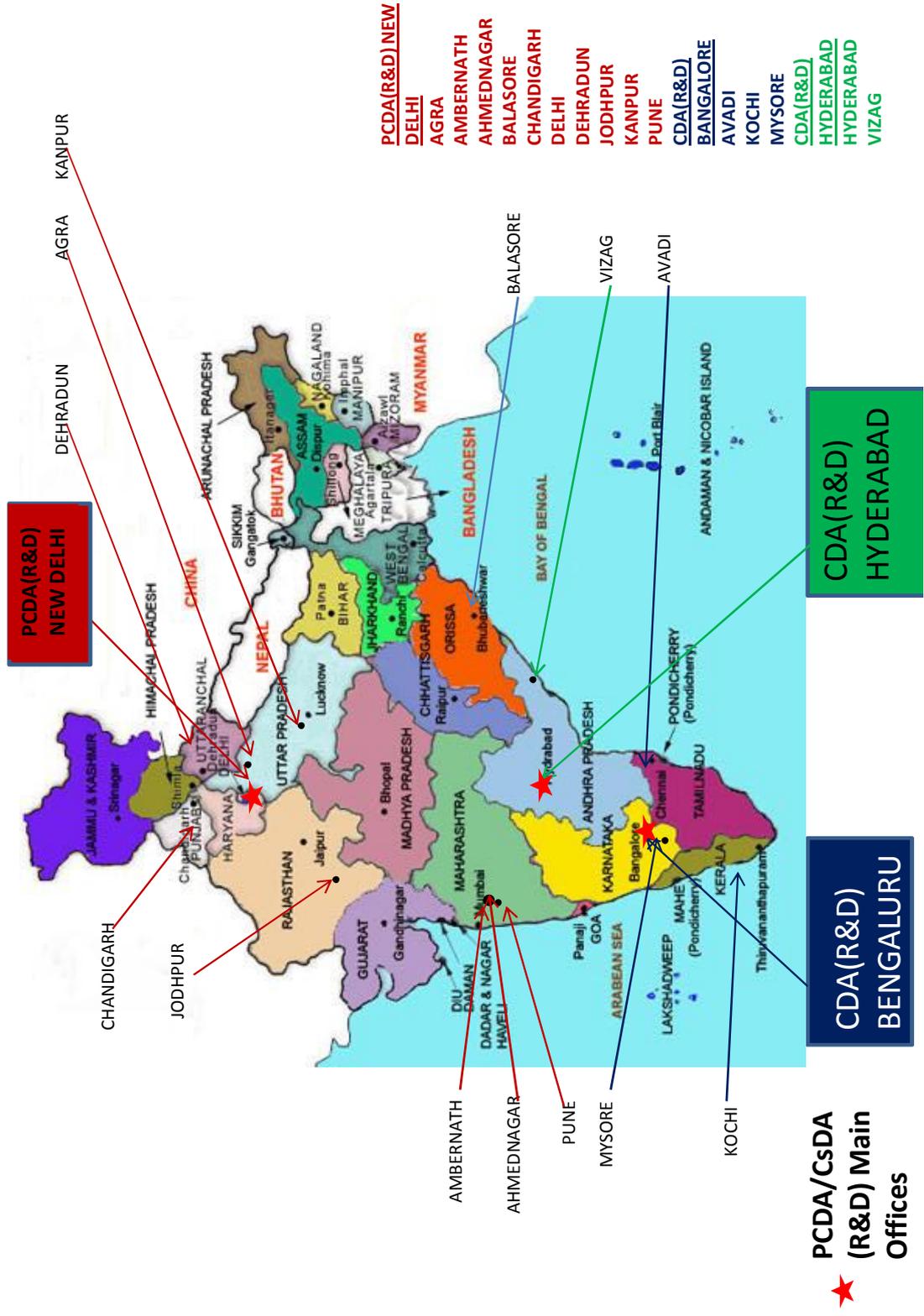
New Delhi  
Dated: 25<sup>th</sup> November, 2013



**(Vandana Srivastava)**  
**Controller General of Defence Accounts**



**DEFENCE ACCOUNTS DEPARTMENT**  
**LOCATION MAP OF PCDA/CSDA (R&D) OFFICES**





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## Chapter - 1

### ORGANISATION AND FUNCTIONS OF PRINCIPAL CONTROLLER/ CONTROLLERS OF DEFENCE ACCOUNTS (R&D)

#### 1. Organisation

1.1.1. The organizations of the PCDA (R&D) New Delhi and the CsDA (R&D) Bangalore & Hyderabad are responsible for rendering the services of internal audit, payment & accounting of various types of expenditure incurred by the DRDO establishments against the allocations made to the organization out of the Annual Budget for the respective financial year. Further, these PCDA/CDA organizations are also responsible for carrying out audit of stores & project accounts maintained by various DRDO Establishments and Labs. This function is carried out through the Local Audit offices (R&D) stationed at various locations all over the country.

1.1.2. Earlier, before the formation of separate Controllers for DRDO, the Audit and Accounting of Defence R&D Expenditure was done by various other Controllers but increase in the activities of DRDO necessitated formation of dedicated Controllers' organisation for DRDO. For over a decade the DRDO has been rapidly expanding its operations to harness the critical technologies in the areas of Aeronautics, Armaments, Combat Vehicles, Electronics, Instrumentation, Engineering Systems, Missiles, Materials, Naval Systems, Advanced Computing, Simulation and Life Sciences. Resultantly, there has been a corresponding increase in the allocation of budget and value & volume of financial transactions in DRDO. Moreover, specialised nature of activities and generation of revenue from projects carried out by the DRDO also call for a certain element of specialisation in the role of the associate finance and accounts personnel. Thus, need for a separate Controllers' organization was felt which resulted in the formation of PCDA/CsDA (R&D). However, works budget of DRDO and its associated financial activities are still under the audit purview of various Regional Controllers.

1.1.3. Originally, the CDA (R&D), New Delhi had twelve sub-offices. The sub-offices were created & located throughout the country to provide more effective and quick service to the DRDO Labs/Establishments. Due to the increase in the activities of the DRDO establishments, office of the JCDA (R&D), Bangalore was upgraded to the level of CDA(R&D) in August 1992 and it became a self accounting CDA in April 1994 with its sub-offices at Avadi (T.N.) and Cochin. In July 1998, sub-office of the JCDA (R&D) Hyderabad was also upgraded to the level of CDA (R&D). It became a self-accounting office in April 1999 with a sub-office at Visakhapatnam. Simultaneously the office of CDA (R&D) New Delhi was also upgraded to the level of Principal Controller and renamed as the PCDA (R&D), New Delhi. At present, the PCDA (R&D) New Delhi has ten sub-offices located at Agra, Ahmednagar, Ambarnath, Balasore, Chandigarh, Dehradun, Delhi, Jodhpur, Kanpur and Pune. CDA (R&D) Bengaluru has three sub-offices at Avadi (T.N.), Cochin and Mysore. CDA (R&D) Hyderabad also has three sub-offices at Vishakhapatnam and Secunderabad.

## **1.2. Role of CsDA/PCDA (R&D)**

1.2.1. **General Functions:** In general, functions of the CsDA/PCDA (R&D) are defined as under:-

- a. Auditing, Accounting and Payment of all expenditure relating to Defence R&D activities except some strategically confidential activities and works expenditure.
- b. Compilation of DRDO receipts and expenditure.
- c. Rendering Financial Advice to DRDO Labs/Establishments in the areas of their activities.
- d. Local Audit of stores and project accounts of DRDO Labs/Establishments.

1.2.2. **Special Functions:** Some of the special functions of CsDA/PCDA (R&D) are as under:-

- a. Arrangement of Cash Assignment and audit thereof.
- b. Accounting of Resource Generation projects.
- c. Participation in Local Budget Committees.
- d. Participation in Tender Purchase Committees as per the Purchase Management 2006 (as amended) upto certain limit beyond which IFAs (R&D) are responsible for participation in TPCs.
- e. Maintenance of Provident Fund Accounts of DRDO personnel and generation of Annual GPF Statement (CCO-9) which is done by PCDA (R&D), New Delhi.
- f. CDA/PCDA offices to function as DDP Centre for printing Sectional Compilation in their respective jurisdiction.
- g. Monitoring of ongoing and closed Projects.
- h. Super review of projects undertaken by R&D units/Labs/Establishments.
- i. Audit and payment of deposit work undertaken by DRDO labs for Defence and other PSUs like HAL, Aeronautical Development Agency (ADA), BDL, VSSC etc.
- j. Grants-in-Aid received from the Ministry of Defence Societies like ADA towards various programs/projects needs to be accounted for and payments released to Grantee DRDO labs. Further, the utilisation certificate from the concerned labs as well as its audit is also conducted.

All the above topics have been discussed in detail in the relevant chapters of this manual. However, for the sake of introduction to these topics, the salient features relating to these functions are elaborated in the succeeding paragraphs.

1.2.3. **Cash Assignments:** Cash Assignments on specified banks are arranged by PCDA/CsDA (R&D) in favour of certain Directors to meet their emergent requirements, provided an Accounts Officer is borne on the strength of their Lab/Establishment. For this purpose the Directors are required to intimate their cash requirements showing the amount required for the year and for each month to the associated accounts office of PCDA/CsDA (R&D) alongwith details of budgetary allocation made by DBF&A. Necessary scrutiny is carried out by the Accounts Office to ensure that the proposed amounts are compatible with the anticipated cash expenditure of the Labs/Establishments and are within their budgetary allotments. The Cash Assignment authorized to the Directors, for each month is intimated to the banks under advice to concerned audit section and the accounts section of CsDA/PCDA (R&D).

**1.2.4. Resource Generation:** Over the years, DRDO has established a wide range of technical facilities, developed technologies, gained managerial expertise and productionised various sophisticated equipments/hardware by Transfer of Technology (TOT) to industry partners. Consistent with the new liberalised policies and without compromising with the national security a policy decision has been taken to utilise these resources and know-how for mobilising additional funds to supplement DRDO's budgetary allocations. This new concept of utilization of existing resources for generating revenue by advantageously offering these to the industries in both Civil and Defence sector is catergorised as "Resource Generation" and due to peculiarity of this concept in DRDO the topic has been discussed in detail in the relevant chapter of this manual.

**1.2.5. Local Budget Committees:** Substantial budgetary allocation to DRDO is being made in recognition of the strategic role played by the Organisation in promoting self-reliance in critical technologies. In the context of the overall resource crunch, however, such large allocation of funds also pre-supposes a certain economic self-discipline on the part of the DRDO and its Labs/Establishments in making their budgetary projections. It is in this context that DRDO associates the PCDA/CsDA (R&D) organisations during making of budget proposal, so that proper formulation of budget is possible by using the extensive financial and expenditure details available with the Controller Offices. The rationale is that prior vetting of budget proposals would be helpful in efficient and economic use of resources and the figures projected would be more realistic in nature.

**1.2.6. Tender Purchase Committees:** Due to the peculiarities in the nature of research & development projects undertaken by the DRDO the requirements of stores and services of the DRDO are also peculiar and frequent and therefore the TPCs are held throughout the year. The level of participation (AO/SAO/ACDA/DCDA/JCDA/Addl.CDA) also varies according to the value of the proposal and beyond the upper limit, the participation in TPCs is the responsibility of IFAs (R&D). Given the peculiar nature of R&D contracts, specialized skills and overall technical insights are often called for in discharging this Finance role. While rendering financial advice, due cognizance needs to be given to such aspects as cost-benefit correlation, development risks, commercial safe-guards, need for multi sourcing, scrutiny of cost- break up including financing charges, amortised capital cost, etc.

**1.2.7. Maintenance of Fund Accounts:** The work relating to Fund Accounts was taken over by the PCDA (R&D), New Delhi with effect from 1.4.1988. PCDA (R&D) is responsible for maintenance of fund accounts in respect of officers and staff of DRDO. The entire work relating to funds, right from the allotment of fund account numbers to the Defence Civilians of R&D Organisation to final settlement is dealt with by this office.

**1.2.8. Functioning as DDP Centre:** Office of the PCDA (R&D) receives data in the form of punching medium, processes & compiles it and then generates sectional compilation for these offices. The data of punching media are sent to the CGDA's EDP centre for merging of data with those received from other centres, and for generation of All India Compilation and other related reports.

**1.2.9. Monitoring of Projects:** DRDO undertakes a large variety of projects covering a wide spectrum of disciplines in science and technology. The types of projects undertaken can be broadly categorised as under:

- a. Applied Research/Technology
- b. Creation of Infrastructural Facilities
- c. Product/System development
- d. Process development

These projects can be further categorised into two generic types: -

- a. **Staff Projects:** These are specific to the qualitative requirements submitted by the users where detailed performance parameters are provided. A product is required to be produced as a prototype and its performance demonstrated. After the prototype gets approval of the users it enters into production phase when transfer of technology is affected to the designated production agency.
- b. **R&D Projects:** Projects other than those categorised as staff projects are taken as R&D Projects and include competence building projects, projects requiring validation of concepts, system development and process development.

One important function of Controllers' (R&D) is to monitor the progress of expenditure against the sanctions and budgetary allotments for these projects. As such project codes were introduced for classification. This code is an 8-digit number. The first two digits denote discipline, the next three about the Project and the last three digits denote the Lab/Establishment. Reviews are also carried out to analyze the incidence of time and cost over-run and reasons there for. In addition, detailed performance appraisal studies are conducted, especially in regard to delayed projects.

1.2.10. **Project Review in R&D Labs/Establishments:** To ensure that the aspect of economy and efficiency are taken care of while executing the projects entrusted to DRDO Super Review of projects is undertaken by detailing IDAS officers posted in PCDA/CsDA (R&D) to analyze the outcome and achievements envisaged for the end user's through these projects. Accordingly Super Review of selected projects is undertaken and DRDO authorities are apprised of the shortcomings from time to time through the Super Review Reports.

## Chapter – 2

### ADMINISTRATION SECTION

2.1. **Objectives:** Objectives of Administration Section are:

- a. To look after various aspects of personnel management of the organization.
- b. To provide healthy living and working conditions for officers and staff.

2.2. **Duties:** This section deals with following areas of work:

- a. General administration of the office and its sub-offices, including requirement of establishment, recruitment, postings and transfers, confirmations, pay, increments, promotions, leave, conditions of service and retirement of officers and establishment;
- b. Conduct and discipline;
- c. confidential reports;
- d. Departmental examinations;
- e. Duty allowances;
- f. Maintenance of service documents;
- g. Office security and care of office building, furniture, typewriters, duplicators and other machines etc;
- h. Diarisation and distribution of secret, confidential and demi-official letters and other communication received in the office;
- i. Preparation of pay bills of gazetted and non-gazetted personnel of the office.
- j. Permanent advance and office contingent and miscellaneous expenditure;
- k. Custody, disbursement and accounting of cash;
- l. Maintenance of cash book and other allied registers;
- m. Scrutiny and countersignature of travelling allowance claims of officers and establishment;
- n. Preparation of pension claims of gazetted and non-gazetted staff of the office and all work in connection with the verification of their service;
- o. Bills on account of reimbursement of medical expenses; children education allowance, tuition fee;
- p. Payment of advances of pay and travelling allowance, temporary advances and withdrawals from G.P. Fund as per extant rules;
- q. Advances for the purchase of conveyances and computer in respect of gazetted and non-gazetted staff and festival advance;
- r. Payment and recovery of leave salary and pension contributions in respect of persons lent to and from the Defence Accounts Department;
- s. Application for outside employment;
- t. Preparation of budget estimates in respect of locally controlled heads under Minor Head 105 A (a) and 800 and cash requirement estimates of the Defence Accounts Department;
- u. Issue of No Objection Certificate to move abroad;
- v. Application for subscribing to Postal Life Insurance;
- w. Handling RTI applications and implementation of RTI Act 2005 (as amended);
- x. Maintenance and updation of Personnel Information System (PIS);
- y. Maintenance of reservation roster as per the existing provision of DoP&T.

2.2.1. The detailed procedure relating to the subjects mentioned at items (a) to (g) of Para 2, is laid down in Office Manual Part-I. The subject mentioned at item (viii) has

been dealt with in the chapter on the Record Section of this Manual. The procedure regarding the other items is given in the succeeding Para.

### 2.3. **PAYBILLS OF GAZETTED & NON-GAZETTED PERSONNEL OF DAD**

2.3.1. **Pay Bills of Officers:** Please see chapter on "Pay Section" of this Manual.

2.3.2. **Pay Bills of Establishment (DAD Staff):** The monthly pay bills of the non-gazetted establishment are prepared on IAF (CDA) 347 and are paid under the orders of the Officer-in-Charge of the Admin Pay section, to whom they should be submitted after check by the AAO, Administration Section and counter-signature by the GO (Administration) or Officer-in-Charge, Administration Section (in case of independent sub-office), with the necessary payment encasement and punching media.

2.3.3. Arrears of pay etc. will not be drawn in regular monthly pay bills, but in supplementary pay bills, with a quotation of the pay bills from which the charge was omitted or with held. The supplementary pay bills will be entered in the register of supplementary pay bills which will be maintained in the form given in Volume II of Office Manual Part II of the DAD. Arrears of pay and allowances consequent on the grant of increment through IAFA-456 may, however, be drawn in the regular pay bills or through supplementary pay bill, as convenient. In drawing arrears of pay and allowances etc., care should be taken to ensure that the claims are not time-barred and, wherever necessary, sanction of the competent authority waiving the time limit is obtained with reference to extant General Financial Rules.

2.3.4. The number of regular monthly pay bills to be prepared every month for the different classes of establishment employed or for different areas/sections is left to the discretion of the Controller. The pay bills of staff who are about to retire, should however, be drawn separately from the pay bills of the others for the last three months and sent immediately after payment to the "Auditing Controller" to enable him to carry out the service verification without having to wait for the receipt of establishment pay bills in the usual course.

2.3.5. In preparing the establishment pay bills, following points should be ensured:

- a. The bill is prepared on the proper form and is drawn according to the sanctioned scale; that the substantive pay and the acting allowance of an officiating incumbent are shown separately; that the dates of increment to the substantive pay and pay of the officiating appointment are shown below the names of the individuals with the abbreviation 'N.I.D.' (next increment due); that the name of any person on leave, suspension and deputation as well as of the officiating person is shown in the bill as also in the absentee statement. The name of clerks absent on privilege leave taken by itself need not be shown in the absentee statement. In such cases, the period of leave should be fully stated in the body of the pay bill against the names of the individuals concerned excepting those where no financial adjustments are involved;
- b. Duty allowances sanctioned for certain appointments by the Government of India and the supervisory duty allowances granted in the vacancies of AAO and SO (A) and leave pay are shown separately in the pay bill;
- c. Last Pay Certificate (LPC) is available in respect of an individual transferred from another establishment and that an income tax statement is furnished with the last pay certificate where necessary. Where such LPC is not forthcoming, pay may be drawn provisionally in the pay bill on a certificate from the individual stating the date upto which he was last paid, the rates of his pay and allowances and the demands outstanding against him. Steps will be taken simultaneously to obtain the LPC and to adjust the provisional payments, without delay.

- d. Dates of handing over and taking over charge are stated in the pay bill in the case of individuals transferred, with a view that the pay and allowances being correctly regulated. Joining time should also be checked in accordance with the rules in the Civil Service Regulations;
- e. Recoveries of demands outstanding and license fee charges, etc., are correctly and promptly made. License Fee returns are also to be uploaded on the website of CPWD or the concerned authority.  
**Note:** In the case of miscellaneous vouchers, such as payment authorities, advise from audit sections (e.g. Transportation section) for payment or recovery, received for adjustment in the pay bill will be properly indexed (on a 'top sheet') and kept in a jacket. All vouchers received upto the date of the closing the pay will be adjusted and recorded in support of the pay bill together with a copy of the top sheet. Office copy of the top sheet will be filed in proper file under instructions of the SO (A)/AAO, to be used for any future reference and a copy will be sent along with the bill and voucher to the Auditing Controller.
- f. In the case of court attachments, deductions are made strictly in accordance with the rules on the subject.
- g. Recoveries on account of income tax (Tax Deduction at Source), Postal Life Insurance premium, GP Fund subscriptions/recoveries, Hindu Family Annuity Fund contributions, recoveries on account of advances like HBA, MCA, Festival, Computer etc., are correctly made.
- h. Payment of compensatory allowance is correctly regulated in accordance with the rules on the subject.
- i. Arithmetical calculations of the bills are correct and the details worked up to the totals which should be shown in words as well as in figures.
- j. There are no erasures and that any alterations in the totals are attested by the Officer-in-Charge, Administration Section.
- k. All charges are correctly classified.
- l. Transit pay and allowances, both ways, of an individual whose services are lent from one Government Department to another are charged to the borrowing Government Department.
- m. Names in the pay bills are arranged category-wise, viz. AAOs, SOs (A), Senior Auditors/Auditors, Clerks, etc., and alphabetically for each category.
- n. All bills adjusted through the monthly pay bills (excluding bills in respect of contingent charges, G.P. Fund, and advances for the purchase of conveyances) are posted in the register of non-recurring charges.
- o. Notes of payment or recovery of any special items such as bonus, gratuity, etc., are made in the service records, etc.

2.3.6. Establishment pay bill will be prepared in quadruplicate. One copy will be used as the office copy, another for transmission to the 'Auditing Controller', the third to serve the purpose of an acquittance roll and the fourth to be used as the 'working copy' for the following month. Where acquittance can conveniently be taken on the office copy of the pay bill, only three copies need be typed instead of four. GPF schedules and certified lists of Postal Life Insurance premium and absentee statements should also be prepared. Number of copies of the above documents to be prepared and their purpose are indicated below: -

- a. **G.P. Fund schedules:** These Schedules will be prepared with reference to the Pay Bill for the month of March in duplicate on IAFA 803 by Admin Pay Section and will be forwarded to the CDA (Funds) Meerut. For the subsequent months viz. April to February, only variation statements will be forwarded in the prescribed format to the CDA (Funds) Meerut. These documents will be utilized by the CDA (Funds) Meerut for posting the ledger accounts of the subscribers.
- b. **NPS Subscription:** In case of subscribers of National Pension Scheme (NPS), the monthly deductions with Government contribution will be compiled as part of

regular and supplementary pay bills and a punching media will be prepared. The Amount will be paid to the Trustee Bank as decided by the Pension Fund Regulatory and Development Authority (PFRDA) with all the relevant details. At the same time, soft copy of the data in a format prescribed by the Central Recordkeeping Agency (CRA) will also be uploaded. 'Matched and Booked' status need to be ensured as DDO and PAO by the Admin Pay Section.

- c. **Certified lists of Postal Life Insurance premium:** These lists will be prepared on IAFA-431 in triplicate. Original and duplicate copies of the lists will be forwarded to the Accounts Section. Accounts Section will forward the original copies to the Director of Postal Life Insurance and retain duplicate copies in support of the account. The triplicate copies will be kept with office copy of the pay bill.

**Note:** The GPF schedules, NPS Schedules and certified lists of Postal Life Insurance premia should be carefully prepared and checked with a view to ensure that the totals agree with the compiled actual and that the GPF account numbers, PRAN numbers and Postal Life Insurance Policy numbers are correctly and legibly quoted.

- d. **Absentee statements:** Two copies of the absentee statements will be prepared on IAFA-455. The original copy will be sent to the "Auditing Controller" to enable him to verify the correctness of the leave allowances admitted and the duplicate copy will be kept with the pay bill for the future reference.

2.3.7. Establishment pay bill will have separate sheets or pages for each "disbursing unit" (i.e. each section of a Controller's office or the whole office, according to the arrangements obtaining for the disbursement of pay, so as to facilitate payment work), with a final, "summary of pages" at the end to obtain the final totals of the pay bills as a whole.

2.3.8. Payment of monthly pay & allowances in respect to officers and staff of sub-offices will be made locally with a copy to Main Office of the CDA/PCDA.

2.4. **Terminal Balance:** On their receipt in the section the acquittance rolls will be checked to ensure that the amount of the treasury receipts plus the amount disbursed agree with the amount released to the bank. Any discrepancy will be promptly brought to the notice of the Officer-in-Charge, Administration Section, and necessary investigation will be made immediately.

**NOTE:** AAOs/SO (A) and Auditors/Clerks serving with units and formations and on the local audit staff at the headquarters station of the Controller may be paid at the headquarters office, if such a course is feasible.

2.4.1. In case of transfer of a member of the establishment to the payment jurisdiction of another Controller, his LPC will be issued in duplicate. The original LPC will be sent to the Controller to whose payment jurisdiction the individual is transferred and the duplicate to his Auditing Controller. Both the copies of the LPC should be embossed by the LPC seal of the Office. As a precaution against possibility of the original copy of the LPC being used as the basis for the drawal of pay and allowances on a second time, it will be suitably defaced on its adjustment in the first pay bill.

2.4.2. The following documents and vouchers will be sent to the 'Auditing Controller' with the 'audit copy' of the regular and supplementary pay bills:

- a. All office orders notifying casualties affecting the pay bill.

**Note:** In cases where as a matter of convenience Part II orders are sent to the Auditing Controller as and when they are published or at convenient as and when they are published or at convenient intervals, they need not be sent again with pay bills.

- b. Prescribed list showing the increments adjusted during the month.
- c. An absentee statement on IAFA-455 in respect of Group C and Group D employees on any kind of leave (except casual leave) or a "no leave" certificate.
- d. Statement showing the leave salary calculations.
- e. Bills claiming reimbursement of medical expenses.
- f. Certificate to the effect that the grant of house rent allowances during leave adjusted in the pay bills has been regulated under Supplementary Rules 6-B and 6-C.
- g. All payments authorities and debit memoranda with reference to which adjustments are made in the pay bill with a top sheet showing the list of vouchers attached in support (see Note under Para 80 (vi)).
- h. The prescribed declaration in case of Government Servants passing an efficiency bar in a time scale.
- i. Certificate of physical fitness in support of the first pay bill submitted for the pay of an individual.

**Note:** The PCDA (Pensions) Allahabad will act centrally as the Auditing Controller for the post audit of Defence Accounts Department, Pay Bills, T.A. Bills, Contingent Bills etc., w.e.f. 1<sup>st</sup> April 1972.

2.5. **Permanent Advance:** Amount of the permanent advance or Imprest in respect a CDA/PCDA Office is fixed by the CGDA to whom applications should be made for reduction or increase if necessity arises. The permanent advance sanctioned by the CGDA for a CDA/PCDA is exclusive of the amount of permanent advance required by their sub offices. In the case of Main Office, cash balance of the permanent advance will be in custody of the cashier, who will be responsible for it. The cash balance should be verified whenever a transfer of the Controller or the Group Officer (Administration) takes place and it should also be checked at least once a month by the latter. The officer detailed by the CDA/PCDA for carrying out surprise cash check will check this balance also. The above procedure for the custody, verification and check of the cash balance will apply mutatis mutandis to their sub offices also.

2.6. **Office Contingent Expenditure:** The officer incurring the expenditure shall exercise the same vigilance in respect of contingent expenses as a person of ordinary prudence may be expected to exercise in spending his own money. He should ensure compliance of various Rules given in GFR 2005 (as amended), FR Part –I, CVC etc. He is responsible for seeing that the rules regarding the preparation of bills are observed, that the money is either required for immediate disbursement or has already been paid from the permanent advance, that the expenditure is within the available appropriation and that all steps have been taken with a view to obtain additional appropriation if the original appropriation has either been exceeded or is likely to be exceeded. He will also ensure that the items of expenditure included in a contingent bill are of obvious necessity and are at fair and reasonable rates, that the requisite vouchers are all attached and are in order and that the calculations are correct.

2.6.1. A register will be maintained on IAFA-481 in which all charges on account of office contingent expenditure will be recorded under each head of expenditure, for which a separate allotment of funds has been made by the CGDA Each entry in the register will be initialed by the cashier or by the clerk concerned and by the Officer-in-Charge Administration Section.

2.6.2. In order to watch the progress of expenditure under each head as compared with the appropriation, a progressive total of all columns will be made monthly immediately after the monthly total, so as to include all payments under each head as also charges adjusted by book transfer from the commencement of the year upto the end of the last expired month. The monthly totals will be agreed with the printed compilation and any

discrepancies will be explained by the cashier (or his assistant) to the Cash Officer i.e. GO (Administration).

2.6.3. The nature of charges to be met from the allotment for contingencies is given in Annexure to Schedule V of Delegation of Financial Power Rules 1978. Certain common types of contingent expenditure are indicated below: -

- a. Cost of articles purchased locally, such as dusters, candles, matches, phenyl etc.
- b. Conveyance charges for cashier and for other office duties.
- c. Cost of books and periodicals.
- d. Purchase, repair and maintenance of Office equipments and furniture.
- e. Repair charges to Staff Car and other Office vehicles.
- f. Telephone charges.
- g. Charges on account of binding of records.
- h. Charges on account of hot and cold weather establishment, such as hiring of coolers, cost of water pots, tumblers, sigrees, etc.
- i. Cost of liveries for MTS/Driver/Authorised staff.
- j. Cost of service labels.
- k. Cost of fire extinguishers, fire buckets, and other firefighting/ fire detection equipments.
- l. AMC of Office equipments.
- m. Any other expenditure deemed necessary by the CFA.

**Note-1:** When bills on account of these items are received, they are signed or countersigned by the Officer-in-Charge of the Administration Section and the amounts of the bills entered in red ink in the appropriate columns of the contingent register. All bills and sub-vouchers will be cancelled when entering the charges in the contingent register and the item numbers in the contingent register enfacd on each bill and sub-voucher, the entries being initialed by the cashier or by the clerk concerned and the Officer-in-Charge of the Administration Section. The bills will then be sent to the AN Pay Section after check by the AAO/SO (A) of the Administrations Section, with the necessary payment enfacment and punching media. The bills will be paid under the orders of the Officer-in-Charge, AN Pay Section.

**Note-2:** When the work pertaining to binding of records, repairs to Office Furniture and recaning of chairs etc., is done on contract basis regular contract agreements should be drawn up. Original copies of such agreements will be kept under lock and key in the personal custody of Officer-in-Charge Administration Section. Duplicate copies thereof may be supplied to Cash Branch for payment of bills.

2.6.4. Before contingent expenditure is incurred sanction of the competent authority (i.e. [GO (Admin)/JCDA/Addl. CDA] to whom powers may be delegated by the CDA/PCDA or the CDA/PCDA himself, as the case may be, must be obtained. As soon as the bills are preferred or the expenditure is incurred from Imprest the relevant sanction should be enfacd "cancelled" noting there on the item number of the contingent register.

2.6.5. CDA/PCDA, in the matter of incurring contingent expenditure are empowered to exercise all powers of Heads of Department laid down in schedule V of Delegation of Financial Powers Rules vide Government of India, Ministry of Finance (Defence) letter No. 13196/(1)70/Actts/AN dated 03-07-90, Such purchase will be subject to the "Rules for the supply of articles required for the Public Service" reproduced in Appendix 8 to General Financial Rules, 1963.

2.6.6. Petty cash bills should be collected and a cheque for the total amount for which cash payment is required in the month should be drawn in favour of the Group Officer

(Administration)/CDA/PCDA from which payments to the parties concerned should be made in the usual manner.

## **CUSTODY, DISBURSEMENT AND ACCOUNTING OF CASH**

2.7. **General:** The CsDA/PCDA are especially responsible for seeing that there is adequate control over the section of his office which handles cash. The fact that the cashier (or other sub-ordinate who handles cash) has given security or executed a bond does not reduce his special responsibility for ensuring that an effective system of control over the custody, disbursement and accounting of cash exists and functions. There should be continuous review of the arrangements for the expeditious disbursement of money, for the custody thereof, and for the prompt and correct disposal of undisbursed balance and of sums otherwise payable into the treasury. There should also be adequate reconciliation, preferably without previous notice, of cash balances with the accounts outstanding against the custodian of the balances. The CsDA/PCDA should at irregular intervals satisfy himself that the system of supervision as prescribed in authorised codes or special orders is observed properly and should remedy speedily the defects noticed, if any. Keeping in view the special nature of duties of cashier, the competent authority may sanction Cash Handling Allowance to the Cashier as per the extant rules on the basis of the cash handled by him/her.

2.7.1. Similarly in the case of outstation offices, the LAO or the head of the office will ensure that an effective system of control exists over the custody, disbursement and accounting of cash in his office and that the system of supervision and safeguards as prescribed in regulations, authorised codes or special orders are being properly observed.

2.7.2. Money belonging to non-public funds, if any, should under no circumstances be mixed up with office cash or kept in the same safe.

2.8. **Procedure for drawl of cash for pay of establishment:** In the current scenario of introduction of e-payments in almost all the Ministries/Department of Central Government, procedure for drawl of cash has become almost redundant. However, wherever the e-payments system has not been introduced, following procedure has to be followed for drawl of cash for pay of establishment.

2.8.1. An AAO/SO (A) and two Auditors/Clerks will be deputed to accompany the cashier to the bank, on the pay day to draw the Pay of the establishment. In the case of officers where the cash handled on pay day is over Rs. 1.5 Lakh (Rs. One Lakh and Fifty Thousand only), an Accounts Officer/Sr. Accounts Officer should be placed on over all supervision of the arrangements. The Cashier should invariably be accompanied by an Assistant or an MTS as and when he goes to bank for encashment of cheques upto Rs.50,000/- on the day other than pay day. Similarly when cheque exceeding Rs.50,000/- are encashed he will be accompanied by an AAO/SO (A) detailed for this purpose. The exact nature of duties that are to be entrusted to AO/SAO on such occasions will be prescribed through the medium of an office order. On receipt of the money, the pay of the establishment will be disbursed by the cashier assisted by the AAO/SO (A) and Auditors/Clerks, to the respective AAOs of sections for eventual payment to the men working in the sections and for return of the undisbursed amounts, if any, to the cashier with details on the same day. For this purpose the cashier will circulate to all sections two days before the date of payment a statement of which full details of cash required for disbursement is noted excluding those of the absentees. This enables the exact amount of cash being drawn from the bank and no heavy cash balances will be left at the close of the day.

2.8.2. When cash amounting to more than two lakh rupees is drawn from the bank, the CSDA/PCDA will make arrangements for the provision of necessary armed (either military or civil police) escorts with a view to safeguarding Government money while in transit.

2.8.3. The above procedure will also apply mutatis mutandis to the sub-offices of the Controller offices.

2.9. **Cash Book:** A cash book will be maintained on I.A.F.A.-125 by the cashier under the supervision of the GO (Administration) or, if no such officer is functioning, the Officer-in-Charge, Administration Section, All cheques drawn in favour of the CDA and all payments made out of the cash obtained by encashing such cheques will be accounted for in the cash book. Payment must be supported by the acquittances of the payees and other connected vouchers, if any. When payments of pay and allowances are made to members of the establishment on letters of authority furnished by them, such letters of authority together with the receipts should be pasted in the register of acknowledgements.

2.9.1. All entries in the cash book and the register of acknowledgements and all acquittance rolls will be initialled by the Officer-in-Charge, Administration Section. The cash book will be closed monthly and balanced, and submitted to the GO (Administration) or the Officer-in-Charge, Administration Section, as the case may be. The undisbursed pay at the end of the month should ordinarily be refunded to Government by short drawl in the following month and should be reclaimed when actually required for disbursement. In case where this procedure operates inconveniently, the amount of undisbursed pay may at the option of the Controller, be retained for a period not exceeding three months provided proper arrangements can be made for the safe custody of the sums retained and heavy balances are not held. The Bank reconciliation statement will be prepared at the end of every month after obtaining Bank statement from Bank and any variance in balance of cash book column and Bank statement will be scrutinized and adjusted accordingly.

2.9.2. In April each year, the cash book to the extent of one month's account, to be selected by the Controller, will be audited by an IDAS officer [other than Cash Officer/GO (AN)] specially detailed by him for the purpose.

2.9.3. The Controller will also depute, at irregular intervals, an IDAS officer to conduct surprise checks of the actual cash in hand and as shown in the cash book. The officer will be selected by the Controller himself and under no circumstances will the date and time of the check be made known to anyone except the officer selected to exercise the check. The results of the surprise check will be recorded in a manuscript register which will be kept in the safe-custody of the CSDA/PCDA personally. Any discrepancies found and irregularities discovered in the accounting of Government moneys will be immediately brought to the personal notice of the Controller. If the irregularities are not explained to the satisfaction of the Controller, he will institute such further investigations as may be considered necessary and will also simultaneously furnish a detailed report to the CGDA.

2.10. **Register of cash received:** The register is maintained on IAFA-616. When a cheque, draft, money order or cash is received for credit to Government, the relevant columns in the register will be filled in by the Cashier who will note the serial number of IAFA-616 both on covering memo and cheque/DD and register submitted to the Officer-in-Charge, Administration. Then, the person other than the Cashier i.e. Assistant Cashier after linking the Sl. No. of the register IAFA-616 (wherein the cheque/DD has been entered) on both of cheques, and forwarding memo/covering memo will prepare the

MRO (IAFA-507) (in quadruplicate) and where no Assistant Cashier has been appointed, this work may continue to be handled by the Cashier himself. Simultaneously handling over the above memo to the Audit Section concerned through the register, deposit the cheques/DD into the Bank immediately and hand over the original MRO (Treasury Receipt) as receipted by the Bank to the Audit Section after obtaining the initials in the above register. On receipt of the TR, the Audit Section will immediately adjust it. The Cashier/Assistant Cashier while preparing the MRO will ensure full details of receipt money and name of the CSDA/PCDA by whom the credit is adjustable are clearly written/typed in bold capital letters on the MRO for easy location of Duplicate MRO received in Accounts Section with credit scroll subsequently.

**Note 1:** The number and date of TR should be noted on the office copy of MRO and also in the cash register before forwarding to the section concerned/CDA for adjustment.

**Note 2:** Money received through Money Order or in cash on the above account will, however, be accounted for in the Public Fund Accounts Cash Book. A record of such cash received will be kept in the Register of Cash viz. IAFA-616 also and its disposal watched in the manner prescribed above.

**2.11. Scrutiny and countersignature of Travelling Allowance claims of officers and establishment:** The grant of travelling allowances to the personnel of the Defence Accounts Department is governed by Supplementary Rules. Before the claims are countersigned, the following checks will be exercised by the controlling officer:

- a. The claims have been preferred in the prescribed form and all items and certificates printed thereon have been duly completed.
- b. The authority for the move has been quoted.
- c. A certificate regarding the use of (a) Government transport, (b) free accommodation and (c) free messing facilities and State hospitality, has been endorsed on the bill in the case of temporary moves.
- d. Scrutiny of the distances entered in travelling allowances bills, including distance from the fixed point to the Railway Station/Airport and vice versa.
- e. The rate of mileage allowances claimed is applicable to the class of accommodation to which the government servant is entitled under rules and that a certificate is given by the individual that such class of accommodation has actually been used by him and the railway or steamer fares claims have been paid by him.
- f. Claims for the cost of transporting personal effects are supported by proper receipts and vouchers and that the cost claimed does not exceed the authorised limit.

**Note:** The Controlling Officer is however, empowered to waive production of receipt in special cases where he is satisfied that the expenditure to the extent claimed has actually been incurred and is reasonable and correct.

- g. Moves of the families and/or luggage have taken place within the prescribed time limit.

**Note:** Application for relaxation of time limit under S.R. 116 (b) (iii) and Government Decision No. 1 under S.R. 116 are received by the Controller within two months of the individual's move and the applicants specify whether the relaxation is required for the family or personal effects or both.

- h. Wherever higher rate of road mileage is claimed a certificate is furnished in the following proforma: -
  - i. "I certify that I did not perform the road journeys for which mileage allowance has been claimed at the higher rates prescribed in Rule 46 of S.R. by taking a single seat in any public conveyance (excluding a steamer) which plies regularly for hire between fixed points and charges fixed rates. I also certify that the journey was not performed in any other vehicle without payment of its hire charges or incurring its running expenses."

**Note:** Controlling officer should not permit the drawl of higher rates of road mileage to a Government servant who performs journey by road, otherwise that on transfer, by taking more than one seat in a public conveyance unless compelling circumstances exist, e.g. if a Government servant has valuable records which he must keep with him, etc.

- j. When an individual is transferred from station A to station B and then to station C within a period of six months of transfer from station A, sanction of the Govt. of India exists for admitting family travelling allowance to the individual from station A to station C.

2.12. **Preparation of pension claims and verification of service:** As soon as an individual completes the first year of his permanent service, the Administration Section will prepare a verification statement (I.A.F.A.-357) for the first year of his permanent service as well as of any qualifying service prior to his permanent appointment and forward it to the "Auditing Controller" concerned for verification of service, rates of pay, leave etc., from the audited pay bills, and returned duly completed in all respects. If temporary and/or officiating service rendered prior to the date of permanent appointment (claimed as qualifying for pension under Article 370 or 371 C.S.R.) is verified by the 'Auditing Controller', he should specifically endorse on the verification statement that the question whether this service counts for pension or not would be decided by the pension sanctioning authority at the time of retirement of the individual concerned. On receipt back of the verification statement duly verified, it should be appended to the individual's service book.

2.12.1. To avoid delay in the sanction of pensions, it is essential that the period of qualifying service is verified by the audit officers concerned and the PCDA (Pensions) Allahabad in advance of the anticipated date of retirement. Action in connection with such verification in all cases where retirement can be foreseen, viz., retirement on superannuation or retirement just before superannuation, should be taken two years before the anticipated date of retirement of a Government servant. For this purpose, a statement of service on I.A.F.A.-357 will be made out from the service book (which must be completed upto date) in respect of the service which forms part of the last three years preceding the anticipated date of retirement. If an individual has served during the last three years of his service in more than one audit area, separate statements of service on I.A.F.A.-357 should be prepared for each audit area. The statements of service on I.A.F.A.-357 will then be forwarded to the "Auditing Controllers" concerned for verification of the service from the audited copies of the pay bills. At the same time, the service book of the individuals will be sent to the PCDA (pensions) Allahabad for verification of the rest of the service.

2.12.2. The Officer-in-Charge, Administration Section should be formally nominated as the special officer responsible for initiating action in due time regarding completion of pension records and documents. He should ensure that every six months i.e. on the 1<sup>st</sup> January and 1<sup>st</sup> July, a list of gazetted and non-gazetted staff, who will attain the age of superannuation 12 to 18 months later is prepared and submitted to him. He should also see that formal application for pension from Government servant is submitted to him at least one year in advance of the date of their anticipated retirement on the prescribed form.

2.12.3. As soon as the list referred to in previous Para above has been prepared or intimation is received about the death or invalidment of a Government servant, a check list in the proforma given in Annexure A to this chapter should be started for each such case. A Note of the items in respect of which complete information etc, is not available should be made in column 1 of the progress statement and necessary steps initiated simultaneously to collect the missing information or to complete the necessary

formalities. A watch on their finalisation should be kept by noting the progress made in column 2 of the progress statement at weekly or other suitable intervals.

2.12.4. In cases of retirement which cannot be foreseen. e.g., sudden invalidment of any individual being found unfit for field service or further service of any kind under the State, the procedure will be as follows:

- a. The medical report (IAF (Med.) -8) will be examined to ensure that it bears the thumb and finger impressions of the individual and is complete in all respects.
- b. The invalidment will be notified through an Office order and a copy of the same will be forwarded to the PCDA (Pensions) Allahabad.
- c. Pages 1 and 2 of the pension application (I.A.F.A. 356) will be completed as far as possible.
- d. Statement of service on IAFA-357 will be made out from the service book in respect of the last three years of the service and the same will be forwarded to the 'Auditing Controllers' concerned for verification of services.
- e. The LPC cum Datasheet and IAF (Med) - 8 will be forwarded to the PCDA (Pensions) Allahabad.
- f. The individual will be asked to furnish a declaration in terms of Article 922 (a), C.S.R. for anticipatory pensions and a declaration in form G (as provided for in the Annexure to the Government of India, Ministry of Finance, O.M. No. F.3(29)-Est. (Spl.)/50, dated 8<sup>th</sup> June 1951) for anticipatory death-cum-retirement gratuity; a photograph in passport size (this requirement is not essential in the case of gazetted officers); specimen signature or thumb and finger impressions in the case of those who are not able to sign their names in English, Hindi or the official regional language duly attested; address after retirement, and the name of the treasury from which payment of anticipatory pension and death-cum-retirement gratuity is desired. The individual should be warned that delay in furnishing these documents and information would cause delay in the grant and payment of anticipatory pension and death-cum-retirement gratuity. On receipt of these documents and information, they should be passed on to the PCDA (Pensions) Allahabad immediately.

2.12.5. The "Auditing Controller" will ensure that the verification statements (IAFA-357) contain particulars of leave (other than casual, privilege and earned leave) availed of by the individual concerned or a certificate is endorsed to the effect that no such leave was availed of by the individual. If for any reason the first year's service cannot be verified by the "Auditing Controllers", the verification of service should be done from the local records, if available. If they too are not available, the individual may be called upon to furnish a certificate of his service which should be corroborated by collateral evidence from two contemporary Government servants who should, inter alia, state the capacity in which they themselves were working. This procedure will be adopted only at the instance of the PCDA (Pensions) Allahabad.

2.12.6. The following documents will be forwarded to the PCDA (Pensions) Allahabad by Admin Section through pay section dealing with Pay & Allowances of DAD not later than six months before actual date of retirement of Government Servant.

- a. LPC cum Data Sheet -1 copy
- b. Form 3 (Details of the family members of the Govt. Servant under family pension scheme)-1 copy
- c. Form – 5 - 1 copy
- d. Commutation Application on Prescribed Form -1 copy
- e. Photograph/joint Photograph duly attested -2 copies

- f. Slip containing specimen signature/thumb/finger impressions of the claimant duly attested- 2 copies
- g. Slip containing specimen signature/thumb/finger impression of the spouse duly attested -2 copies
- h. Nomination for DCRG duly attested -1 copy
- i. Identification mark of individual duly attested on separate sheet of paper -1 copy
- j. Identification mark of spouse duly attested -1 copy
- k. G.C.R.C.-1 copy
- l. Statement showing non-qualifying service -1 copy
- m. PCDA (P)'s Audit Report regarding verification of qualifying service after completion of 25 years of service before retirement -1 copy
- n. PCDA (P)'s Audit Report regarding counting of former spell of service, if any-1 copy
- o. Certificate to the effect that no judicial/Departmental proceedings have been initiated or are pending against the individual -1 copy
- p. Detailed Calculation Sheet -1 copy
- q. Part-II Office Order notifying the cause and date of retirement -1 copy

2.12.7. (i) In the case of Non-Gazetted officers (including those officiating in Gazetted appointments) the nomination papers for Death-cum-Retirement gratuity and family pensions will, after counter-signature by the Head of the Office, be kept in a separate confidential file in the safe custody of the GO (AN) or AO (AN) of the office where the individual is serving at the time of making the nomination. The details of nomination (viz. the serial number of the file in which the nomination papers are filed, the name and relationship of the nominee (s)) will be entered in the service book over the signature of a Gazetted officer, Simultaneously an endorsement 'Entered in the service book' will also be made in the nomination papers and attested by the Gazetted officer who signs the service books. The nomination papers will not be transferred on the transfer of the Government servant to another controller's office but will continue to be retained by the office where the nomination was made. If and when a fresh nomination in amendment of the previous one is made from a new office, the new office will call for the previous nomination papers from the previous office for necessary action. The papers so called for will be filed in the new office.

(ii) A register of nomination forms will be maintained in which the serial number of the file (where the nomination papers are recorded) and the name of the person making the nomination will only be indicated. If and when any nomination paper is transferred to another Controller's office [on requisition by the latter as indicated in (i) above] or to the PCDA (P) Allahabad, when a casualty occurs, a proper entry to that effect will be made in the register.

**Note:** Nomination papers for death-cum-retirement gratuity and family pension in respect of persons holding substantive Gazetted appointments will be kept by the Auditing Controller.

**2.12.8. The following procedure will be followed regarding the payment of anticipatory and final death-cum-retirement gratuity:** A contingent bill (in duplicate) duly supported by payee's stamped receipt and countersigned will be forwarded by the Administration Section to the PCDA (Pensions) on receipt of an intimation from the latter regarding the amount of anticipatory death-cum-retirement gratuity due to the individuals. Similarly, a contingent bill is forwarded to the PCDA (Pensions) Allahabad for the balance of the amount of final death-cum-retirement gratuity on receipt of the memo sanctioning the final pension and death-cum-retirement gratuity.

2.12.9. In the case of permanent establishment who die while in service and who have a qualifying service or more than 5 years to their credit, a claim for death gratuity is submitted to the PCDA(Pensions) in C.S.R. form No. 25.

2.12.10. In the Case of an individual who dies while in service and who has a qualifying service for family pensions, application in form F together with the documents mentioned in Para 103 except the photo of the claimant will be forwarded by the Administration Section to the PCDA (Pensions) Allahabad for necessary action.

2.12.11. Immediately after final payment of the effective pay is made, the last pay certificate together with the income-tax statement, if any, of the individual transferred to the pension establishment, duly completed and stamped with the last pay certificate seal, will be sent to the PCDA (Pensions) Allahabad.

2.13. **Recovery of Government dues:** It is imperative that every effort be made to settle and recover Government dues from the Government servant concerned by the date of his retirement. With a view however to obviating delay in sanctions to pensions pending recovery of any outstanding Government dues e.g. over issue of pay, allowances or leave salary, outstanding recovery on account of license fee, advances for conveyance, house building or other purposes and any other dues the precise amount of which has yet to be assessed, any of the following courses may be adopted:

- i. The retiring Government servant may be asked to furnish a surety of a suitable permanent Government servant. If the surety furnished by him is found acceptable, the payment of his pensions or gratuity or his last claim for pay etc. and the issue of last pay certificate should not be withheld. A form of the bond to be signed by the surety is prescribed in Annexure L to chapter II of OM part II Vol. I.
- ii. If the retiring Government servant is unable or unwilling to furnish a surety, a suitable cash deposit may be taken from him or only such portion of the gratuity as may be considered sufficient may be held over till the outstanding dues are assessed and adjusted.

2.14. **Bills on account of reimbursement of medical expenses:** All bills for charges on account of medical attendance and treatment will be countersigned by the controlling authorities who are empowered to countersign travelling allowance bills.

2.14.1. It is the duty of the controlling officer to scrutinise carefully before signing or countersigning a claim in respect of medical expenses that the claim is genuine and is covered by rules and orders on the subject, and that the charges claimed are supported by necessary bills, receipts, and certificates, etc., as laid down in the " Compilation of Medical Allowances Rules and Orders". The controlling officer is also empowered to disallow claims which do not satisfy these conditions. When bills are passed, payment will be made by inclusion of the amounts in the pay bills and not by separate cheques.

2.15. **Advances of pay and travelling allowance on transfer:** Advances may be made to a member of the establishment under orders of transfer upto an amount not exceeding one month's pay which he is in receipt of immediately before transfer, or the pay that he will be entitled to after transfer, whichever is less, plus the travelling allowance to which he may be entitled under the rules in consequence of the transfer. Such advances may be sanctioned by the CsDA/PCDA or the under mentioned authorities when the powers are delegated to them by the Controllers:

- a. Addl.CDA/JCDA
- b. GO (Administration).

2.15.1. Next senior most officer in the offices of CSDA/PCDA of the Junior Administrative Grade (JAG/NFSG) of the IDAS, in the absence of the latter from their headquarters.

2.15.2. When an advance is granted to a temporary Government servant, a surety bond should be obtained from a permanent Government servant. Applications for advances of pay on transfer will be made on the form prescribed for the purpose. These, after check and payment enforcement by the Administration Section will be entered in the demand register and passed on to the Pay Section for payment in the normal manner. Application for advances of travelling allowance will be prepared likewise but they will be paid by the Transportation Section and noted in the demand register of that section.

### **ADVANCES FROM G. P. FUND**

2.16. **Final withdrawals:** Applications for final withdrawals from General Provident Fund permissible under orders issued from time to time (e.g. to meet the cost of higher education, for house building purposes and marriage expenses etc.) will be received and dealt with under the orders in force.

2.16.1 **Temporary withdrawals:** Applications for advances from the G.P. Fund from members of the establishment of the Controller's office will be dealt with by the Administration Section. Such applications should be made in the prescribed form duly supported by the relevant certificates and other required documents. It will be verified from the latest annual statement of accounts submitted in support of the application that the amount applied for is at the credit of the subscriber. If an advance is already outstanding against a subscriber, or if the subscriber, having discontinued subscription, has been withdrawing money from his credit balance for paying insurance premia, the facts will be verified from the records in possession of the office and the exact balance standing to the credit of the subscriber worked out before payment of the temporary advance is made. Doubtful cases will be referred to the CDA (Funds), Meerut, for further information before payments are authorized. When submitting such applications to the competent authority for sanction of the advance, the Officer-in-Charge, Administration Section will record a definite recommendation as to the amount of advance recommended for sanction and the number of installments in which it should be recovered. In sanctioning advances from the G.P. Fund, the general principals enunciated in the GPF (central Services) Rules should be kept in view.

2.16.2. The amount of advance sanctioned, and other particulars will be noted in a demand register for watching recovery thereof. The advances paid during a calendar month are required to be intimated to the CDA (Funds), Meerut, for posting in the respective ledger accounts of individuals concerned. They will therefore be noted as and when they are paid in form B and at the end of the month, a fair copy of this form will be sent along with the monthly recovery schedules.

**Note 1:** Authorities competent to sanction advances from the G.P. Fund are indicated in Appendix "B" of the G.P. Fund (Defence Services) Rules.

**Note 2:** When recommending or sanctioning applications for a second or third advance when any portion of the first advance is outstanding or for an advance before 12 months have elapsed since the complete repayment of the last advance, full reasons for recommending or sanctioning the advance should be stated, and the provisions of the Finance Department, Government of India letter No. F. 18 (3)-RII/41. dated 21st March 1941 should be kept in view.

2.16.3. In addition to the rules governing the grant of advances from the G.P. Fund as laid down in the GPF (Defence Services) Rules 1960 the following general principles should ordinarily be observed when sanctioning advances but they may be relaxed at the discretion of the sanctioning authority in exceptionally deserving cases:

- a. A Subscriber should not be allowed to withdraw from the fund a sum that will reduce his credit balance to an amount less than one month's current pay, except during the first three years of his joining the Fund.
- b. Except in cases of absolutely unforeseen expenditure accompanied by very special hardships, no subscriber should be permitted to withdraw from the Fund more than one-third of the amount standing to his credit on the date when the advance is sanctioned.
- c. In cases other than those referred to in clause (ii) above, a subscriber should not be allowed to withdraw from the Fund a sum which is more than half of the amount standing to his credit on the date when the advance is sanctioned.
- d. Should occasion arise necessitating an application for a further advance before an advance already made has been fully repaid, such further advance should only be sanctioned subject to the provision that the amount standing to a subscriber's credit is not reduced below two-thirds (in a case falling under clause (iii) above), of the amount standing to his credit when the original advance was made.

### **ADVANCES FOR THE PURCHASE OF CONVEYANCES/COMPUTERS**

2.17. **General:** These advances fall under three categories, viz.

- a. advances for the purchase of motor conveyances;
- b. Advances for the purchase of bicycles.
- c. Personal Computer Advance.
  - i. The CsDA/PCDA prepare estimates in respect of their requirements on account of the above mentioned advances and submits the same to the Controller General of Defence Accounts on the dates prescribed in the Defence Accounts Code.
  - ii. The allotment sanctioned by the Government of India under (i) above is centrally controlled by the Controller General of Defence Accounts. The allotment in respect of (ii) above is distributed by the Controller General of Defence Accounts among the various Controllers who sanction the advances within the limits of the funds allotted to them. Any unexpended balance of the allotment is reported by the CsDA to the CGDA in February of each year.

2.17.1. The general rules regulating the grant of advances for the purchase of conveyances are contained in Rule 191 to 198, General Financial Rules, 1963.

2.18. **Motor Car Advances (MCA):** Applications for advances will be submitted to the CGDA together with a certificate from the applicant to the effect that he neither has, nor is likely to have, financial embarrassments such as would interfere with the due repayment of the advance applied for, if sanctioned. The CsDA/PCDA while forwarding the application will state if any Government advance is outstanding against the individual.

2.18.1 (a) The total amount to be advanced to a Government servant should not exceed Rs. 1,80,000/- (Rs. One Lakh eighty thousand or eleven month' basis pay which is less) for the first occasion and Rs. 1,60,000/- (Rupees One Lakh sixty thousand or eleven month's basis pay whichever is less) on the second and subsequent occasions or the anticipated price of the car, whichever is the least. If the actual price paid is less than the advance taken, the balance must be forthwith refunded

to Government. The individual to whom an advance is sanctioned should certify on the bill on which the advance is drawn either that the advance is not being drawn for a conveyance which has already been purchased and paid for, or that the advance claimed in the bill is not more than the minimum amount required to meet the balance of the price of the conveyance, if the conveyance has been paid for in part. As per Rule 21 (2) of Compendium of Rules on Advances, such second and subsequent advances for purchase of a motor car will be admissible only after four years, reckoned from the date of drawal of the last advance. The exemptions to the Rules will also be admissible as mentioned in the Compendium.

**Note:** Advances should, as a general rule, be based on the pay of the officer concerned. However the CGDA, at his discretion is empowered to sanction advances on the basis of the pay of the posts held, Controllers may forward such applications to the CGDA together with their recommendations.

- (b) The amount of advance granted to a Government servant for the purchase of Motor Car, shall be recovered from him in such number of equal monthly installments as he may elect, however, not exceeding 200 in any case. The Government servant at his option repays more than one installment in a month. It will commence with the first issue of pay after the advance is drawn. The authority sanctioning an advance may, however, permit recovery to be made in a smaller number of installments if the Government servant receiving the advance so desires.
- (c) Simple interest at the rate fixed by the Government for the purpose will be calculated on the balance outstanding on the last day of each month and the amount of interest calculated in this manner will be recovered in one or more installments. Each such installment being not appreciably greater than the installments by which the principal was recovered. The recovery of interest will commence from the month following that in which the repayment of the principal has been completed.

**Note:** The amount of the advance to be recovered monthly should be fixed in whole rupees, except in the case of the last installment when the remaining balance including any fraction of a rupee should be recovered.

- (d) Prior approval of the competent authority is necessary to the sale of car purchased with the aid of an advance which, with interest accrued has not been fully repaid. In the following cases, however, such a sanction is not necessary:
  - (i) When a Government servant proceeds on leave (not being privilege leave, or earned leave not exceeding 120 days).
  - (ii) When a Government servant retires from service.
  - (iii) When a Government servant is transferred to an appointment, the duties of which do not render the possession of a motor car necessary. If a Government servant wishes to transfer such a car to another Government servant who performs the duties of a kind that renders the possession of the conveyance necessary, he may be permitted under orders of competent authority to transfer the liability attaching to the car to the latter Government servant, provided that he records a declaration that he is aware that the conveyance transferred to him remains subject to the mortgage bond and that he is bound by its terms and provisions.
- (e) In all cases in which a car is sold before the advance received for its purchase from Government with interest has been fully repaid, the sale proceed must be applied so far as may be necessary, towards the repayment of such outstanding balance, provided that when the car is sold only in order that another car may be purchased, the authority sanctioning the sale may permit a Government servant to apply the sale proceeds towards such purchase, subject to the following conditions:
  - i. The amount outstanding shall not be permitted to exceed the cost of the new car.
  - ii. The amount outstanding shall continue to be repaid at the rate previously fixed.

- iii. The new car must be insured and mortgaged to Government as required by rules.

2.18.2. A Government servant who draws an advance for the purchase of a motor car is expected to complete his negotiations for the purchase of, and pay finally for the car, within one month of the date on which he draws the advance; failing such completion and payment, the full amount of the advance drawn, with interest thereon for one month, must be refunded to Government. This condition should always be mentioned in letters sanctioning such advances.

2.18.3. At the time of drawing the advance the Government servant should be required to execute an agreement in form G.F.R. 22 and, on completing the purchase, he should further be required to execute a mortgage bond in form G.F.R. 242 hypothecating the car to the President of India, as security for the advance. The cost price of the car should be entered in the scheduled of specifications attached to the mortgage bond.

2.18.4. When an advance is drawn, the CsDA/PCDA should furnish to the "Auditing Controller" a certificate that the agreement in form G.F.R. 22 has been signed by the Government servant drawing the advance and that it has been examined and found in order. The CDA should see that the conveyance is purchased within one month from the date on which the advance is drawn. The mortgage bonds should be kept in the safe custody of the GO (AN) when the advance has been fully repaid, the bond should be returned to the Government servant concerned, duly cancelled, after certifying complete repayment of the advance and interest.

2.18.5. (a) The car must be comprehensively insured against full loss by fire, theft or accident, Insurance on owner driven or other similar qualified terms is not sufficient for the purpose of this rule. The will obtain from the Government Servant drawing the advance, a letter to the Insurance Company with which the motor car is insured to notify to the Company that Government is interested in the insurance policy secured. In cases where a fresh policy is issued every year by the Insurance Company, it would be necessary to repeat the process referred to above. In cases, where the Insurance Company does not issue fresh policy every year and the original one in which the clause as already stands inserted, is renewed, it is not necessary to repeat the process of obtaining from Government servants letters for onward transmission to the Insurance Company. It should however, be ensured that the original policy has been renewed by the company and the relevant clause already stands included in the original policy and that the Government servant has insured the vehicle for an amount not less than the outstanding amount of the advance plus interest thereon.

- (b) Contravention of these orders will render the Government servant liable to refund the whole of the amount advanced with interest accrued, unless good reason is shown to the contrary. The amount for which the conveyance is insured during any period should not be less than the outstanding balance of the advance with interest accrued at the beginning of that period and the insurance should be renewed from time to time until the amount due is completely repaid. If, at any time and for any reason, the amount insured under a current policy is less than the outstanding balance of the advance, including interest already accrued, the Government servant should refund the difference to Government. The amount to be refunded must be recovered in not more than three monthly installments.

2.19. **Personal Computer:** An advance for the purchase of Personal Computer may be sanctioned subject to mutatis mutandis to the extant conditions except that the amount of the advance will not exceed Rs.80,000/- for the first occasion and Rs.75,000/- for the second and subsequent occasions or the anticipated price (excluding custom duty

if any) whichever is less will be recovered in equal monthly installments not exceeding 150.

2.20. **Motor Cycles:** An advance for the purchase of Motor cycle/Scooter/Moped may be sanctioned subject to mutatis mutandis to the extant conditions except that the amount of the advance will not exceed six months basis pay or Rs.30,000/- for the first occasion and five months basis pay or Rs.24,000/- on the second and subsequent occasions or the anticipated price of the Motor cycle/Scooter/Moped, whichever is the least and the advance will be recovered in equal monthly installments not exceeding 70.

2.21. **Bicycles:** A Government servant, may be granted an advance for the purchase of a bicycle to the extent of Rs. 3750/- (including sales Tax) or the actual cost of bicycle whichever is the least.

2.21.1. Advances shall not ordinarily be granted within three years of a previous advance for the same purpose, unless satisfactory evidence is produced by the Government servant concerned to the effect that the cycle purchased with the help of the earlier advance has been lost or has become unserviceable.

2.21.2. The advance will be granted only where the individual's grade pay is not exceeding Rs. 2800/-. It cannot be granted to employees under suspension.

2.21.3. When advances are granted to temporary Government servants, the following additional conditions must be fulfilled:

- (a) The surety of a permanent Government servant must be produced before an advance is sanctioned.
- (b) The sanctioning authority must satisfy itself that the Government servant is likely to continue in service till such time the advance is completely recovered.
- (c) In the event of a temporary Government servant being discharged before the advance is completely recovered the remaining balance of the advance must be recovered in one lump sum before discharge.

2.21.4. The grant of the advances is also subject to the conditions laid down in the chapter on Pay Section. The following documents will be submitted with every application of cycle advance: -

- (i) The agreement duly signed and completed by the applicant;
- (ii) The surety bond duly completed and signed by a permanent Government servant if the applicant is a temporary Government servant; and

2.21.5. Immediately after an advance has been paid, the recipient of the advance will be called upon to produce the receipt of the firm from which the cycle has been purchased. Purchase should be made within one month of the date on which the advance is drawn, failing which the individual will be liable to refund the full amount of the advance to Government. The CsDA/PCDA should satisfy himself that the whole of the amount advanced was expended in purchasing the cycle. Any amount advanced in excess of the actual purchase price of the cycle should be refunded to the Government forthwith.

2.21.6. The advance will be recovered in equal monthly installments not exceeding 30. The recovery will commence with the first issue of pay after the advance is drawn. Simple interest at the rate fixed by Government for the purpose will be calculated on the balances outstanding on the last day of each month, and the amount of interest calculated in this manner will be recovered in the month following that in which the repayment of the principal has been completed.

2.22. **House Building Advances (HBA):** The following categories of personnel are eligible for house building advances (See Note (2) below):

- (a) Permanent Central Government Servants.
- (b) Central Government servants not falling in category (a) above who have, rendered at least 10 years continuous services, provided:
  - (i) They do not hold a permanent appointment under State Government; and
  - (ii) The sanctioning authority is satisfied that they are likely to continue in the service of the Central Government at least till the house for which the advance is sanctioned, is built and/or mortgaged to Government.

2.22.2. Application on the prescribed proforma for advance from those eligible will be submitted to the CGDA. Detailed rules regarding the grant of such advances are contained in the pamphlet, "Rules to regulate the grant of advances to Central Government servants for building etc., of houses", issued by the Ministry of Urban Development.

**Note 1:** In cases where both husband and wife happen to be Central Government servants and eligible for the grant of advance, it shall be admissible only to one of them.

**Note 2:** Application for advances may be entertained for constructing a new house (including acquisition of a suitable plot of land for the purpose from such eligible Central Government servants who have in view (but not in actual possession) a developed plot of land on which construction can commence immediately on receipt of the loan.

2.23. **Applications for outside employment:** All applications from the permanent establishment for employment outside the Department will be forwarded to the Appointing Authority with recommendations for further action. The application should invariably be supported with a copy of the advertisement, etc., for the post applied for, and a written undertaking from the applicant as to whether he/she is or is not willing to resign from his/her job in the Department in case he/she is selected for the job applied for. The applications will be forwarded to the PCDA/CsDA in all cases irrespective of whether the undertaking is in affirmative or otherwise. Application for the part time services elsewhere (such as participating in a radio broadcast of the nature other than those of a purely literary, artistic or scientific character) and receiving remuneration therefore will in all cases be forwarded to the CGDA for orders. Applications from permanent staff for employment under Foreign Embassies and Foreign Governments will not be entertained. In the case of permanent Government servants, their lien may be retained in the parent department/office for a period of two years. They should either revert to the parent department/office within that period or resign from the parent department/office at the end of that period.

2.23.1. Ordinarily, every employee should be permitted to apply for an outside post even though he may be holding a permanent post but this should not be done more than four times in a calendar year. In cases where Government servants apply for posts in response to UPSC advertisements, it shall not be counted against the four times in a calendar year restriction.

2.23.2. Application from temporary establishment will be forwarded to the party concerned by CDA direct.

(Read with Rule 4 of CCS (conduct) Rule 1964 and G.I. M.F OM No. C-30014/4/88-E 1(A) dated 17<sup>th</sup> May 1988.)

HQ office (CGDA) circular No. 0702/AN/XIII/Vol-VI dated 11<sup>th</sup> August 1980 circulating guidelines on the subject of Ministry of Home Affairs OM No. II/21024/1/76-S&P (US.D II) dated 27<sup>th</sup> May 1980.

**PREPARATION OF BUDGET ESTIMATES IN RESPECT OF LOCALLY CONTROLLED HEADS UNDER MINOR HEADS 105 AND 800 AND CASH REQUIREMENT ESTIMATE OF THE DEFENCE ACCOUNTS DEPARTMENT.**

2.24. **Estimates under locally controlled heads:** The following estimates are prepared in the Controller's office for the locally controlled heads pertaining to the Defence Accounts Department:

- a. Travelling and outstation allowances. (Under Minor Head 105A (a) "Travelling and outstation allowances")
- b. Miscellaneous expenses. (Under Minor Head 800 "Other Expenditure".)

2.24.1. The estimates will be dispatched so as to reach the CGDA on the dates shown below:

Estimates	To be sent by controllers so as to reach the CGDA by
Revised Estimates for the current financial year and Budget Estimates for the ensuing year	1 <sup>st</sup> December
Modified Appropriation for the current financial year.	20 <sup>th</sup> February

2.24.2. The estimates will be prepared on IAFA-211 and other forms prescribed by the CGDA or the Secretary Defence (Finance), as the case may be. The estimates will be framed strictly in accordance with Rules 89 to 91, Financial Regulations, Part I Volume I, 1983 Edition. The following procedure will be followed in watching progress of the expenditure:

- a. Administration Section will keep an overall watch over the allotment and will take action if necessary, to ask for additional funds from the CGDA or to surrender excesses as per the anticipated expenditure and available allotment.
- b. After closing March Supplementary Accounts every year, the audit sections concerned will furnish a report to Administration Section showing the original appropriation, modified appropriation and actual expenditure. After Scrutiny, Administration Section will consolidate and submit the report to the C.G.D.A explaining the reasons for the variations between the modified appropriation and the actual expenditure.
- c. A statement showing separately the progressive total of expenditure incurred on tours of offices of the main office and other transportation charges to the end of each month will be forwarded to the C.G.D.A's office so as to reach that office not later than the 10<sup>th</sup> of the following month.

2.25. **Cash Requirement Estimates:** Cash Requirement Estimates are prepared in the Controller's office in respect of the provision required to be made under the heads S.- "Deposits and Advances-Advances Repayable" and O.-"Loans and Advances by the Central Government-advances to the Government Servants" for payment of loans and advances to member of the Defence Accounts Department. The estimates should be dispatched so as to reach the CGDA on the date shown below:

Estimates	To be sent by Controllers so as to reach the CGDA by
Budget forecast for the ensuing year	15 <sup>th</sup> November
Preliminary revised Estimated for the current year.	
Budget Estimates for the ensuing year.	

Revised Estimates for the current year.	15 <sup>th</sup> December
Modified appropriation for the current year (i.e. correction to Revised Estimates for the current year.	5 <sup>th</sup> February

2.25.1. Although no hard and fast rules can be laid down for the preparation of the Cash Requirement Estimates, they are generally based on the compiled actual for the first six months of the current financial year and the last six months of the previous financial year. The figures thus arrived at are suitably modified taking in to account the compiled actuals of the previous financial year as a whole, and any extraordinary or abnormal transactions or facts known at the time which are likely to affect the requirements.

2.26. **Control and distribution of welfare grant-in-aid:** A per capita grant-in-aid is sanctioned by the Government for the Welfare of establishment. The grant-in-aid is primarily intended to stimulate self-help and esprit-de-corps and for the provision of amenities or of recreational or welfare facilities, but does not cover, within its scope any compassionate objects such as death benefits. On respect of the allotment, allocation will be made at the discretion of the CsDA/PCDA amongst the main office and sub-offices.

2.26.1. The recreation clubs, etc., for which sub-allotments have been made will claim from Administration Section the amount allotted on a contingent bill duty supported by the relevant vouchers. The Administration Section will maintain separate account for each allotment and sub-allotment in order to watch that the total of the allotment is not exceeded.

2.26.2. The account for the entire expenditure out of the grant-in-aid will be audited annually by the local audit officer or by an officer appointed for the purpose by the CsDA/PCDA. The audit should be conducted to see interalia that the amount of the allotment is spent on the objects for which it is sanctioned and that it is spent only on the basis of actual requirement and that the expenditure met out of this grant is supported by receipts and vouchers.

2.27. **Application for admission to the Postal Life Insurance:** On receipt of an application from a member of the establishment for admission to the Postal Life Insurance, the application should be scrutinised to ensure that it is complete in all respects and that the applicant is eligible to subscribe to the Postal Life Insurance Fund according to the Postal Life Insurance Rules and other Government orders on the subject. An extract of page 1 of the service book will then be forwarded to the officer under whom the individual is working for attestation by the Government servant in his presence. After receipt back of the extract duly attested, the same will be attached to the application form and the certificate on it will be completed under the signature of GO (Administration) or the Officer-in-Charge, Administration Section. The application form accompanied by an audit certificate certifying the eligibility of the applicant to subscribe to the fund will then be forwarded to the medical officer concerned as indicated below fixing a date for medical examination, simultaneously informing the individual also that he should present himself for medical examination.

For insurance upto Rs. 1,000	A medical licentiate employed in a Government or municipal dispensary nearest to the place of duty of the proposer.
For insurance upto Rs. 2,000	A medical graduate employed in a Government or municipal dispensary nearest to the place of duty of the proposer.
For insurance above Rs. 2,000	Civil surgeon of the district

2.27.1. On receipt of the intimation from the postal authorities for recovery of subscription the amount of the monthly subscription will, with effect from the due date, be recovered from the pay of the individual through the monthly pay bills.

**2.28. Care, Custody, Repair & Maintenance of DAD Buildings:** Office and Residential accommodation have been constructed out of DAD Works Budget in various stations. Care, Custody, Repair and Maintenance of these buildings are the responsibility of the MES vide Govt. of India Min. of Defence letter No. 170-15 (1)/78/AN/XVIII/864/US/D (W-I) dated 03-10-80.

2.28.1. The procedure to be followed in this regard is enumerated in above letter. While MES will be required to maintain the Register of Permanent buildings for the above purpose, CsDA/PCDA Concerned should also maintain the Register of Permanent buildings and kept it posted up to date in liaison with the G.E. At the time of taking over the building by MES, CDA's representative will be associated with the preparation of the inventory of the building including its fixtures and a copy of the inventory made should be kept on record along with the Register of Permanent buildings, maintained by the CDA. Annual physical verification of the buildings including its fixtures and fittings as per the inventory will be carried out by the CDA and a certificate that annual physical verification has been carried out should be kept on record and annual certificate to this effect rendered to CGDA's office.

2.28.2. Funds for the repairs/maintenance of the buildings including internal Electric installation and roads will be projected by the G.E. computed on the basis of the plinth area rates prescribed in Form B-I (a) & (b), B-II and B-III of RMES which will be deemed as a ceiling limit for that financial year.

2.28.3. CsDA/PCDA should scrutinise the demands projected by the GE to ensure that it covers the entire requirements of the CsDA/PCDA. Once the funds required are allotted, depending upon the progress of work, the CDA concerned may release the funds to the concerned Regional Controller who will be responsible for the payment through, AO GE. CsDA/PCDA should decide the priorities about the repair/maintenance work to be carried out by the MES in terms of Para 225 et seq. RMES (1968 Edition) and keep a monthly watch over the expenditure out of the maintenance grants and ensure that the repair/maintenance works indicated by him to the GE have been carried out properly. MES authorities should be asked to render monthly report on the repair/maintenance work undertaken during that month together with the expenditure incurred thereon. The monthly progress report rendered to the CGDA's office should include the report on repairs/maintenance services also.

2.28.4. The repairs/maintenance services comprise normally, petty repairs and periodical services. Petty repairs would cover, patch repair to cement plaster to walls in addition to the other day to day maintenance of the Residential building based on the complaint received from the occupants of the residences. Periodical Service cover internal and external painting, tarring and oiling and it should be carried out as per the periodicity laid down in RMES (latest Edition). A register of PSMB should also be maintained by the CsDA/PCDA.

**2.29. Allotment, occupation/vacation of DAD residential accommodation:** Allotment of all DAD Residential accommodation in the station will be made by a duly constituted QCM. A copy of the allotment letter and monthly occupation/vacation reports will be rendered to the respective AAO BSOs/GEs doing revenue work to regulate recovery of License Fee. All cases of retentions' of Government accommodation will be decided by the Estate Officer as per the extant orders and the recovery of damage rate

of License Fee if any, will be intimated to the respective AAO BSOs/GEs doing revenue work for its prompt recovery. The occupancy/vacancy position of allotment of DAD pool residential accommodation will be rendered on half yearly basis in the format prescribed under Annexure Q to the Office Manual Part II Vol. I.

2.30. **Monitoring of CAT/Court cases:** A register for monitoring progress of each court case from filing of application (Counter – Affidavit) to the implementation of judgment or filing of review application or SLP is maintained in the prescribed format and the following reports are rendered to the HQ office:

- a. Monthly report on contempt notices/petitions;
- b. Monthly report of court cases where the CsDA/PCsDA/CGDA are the respondents.
- c. Quarterly report showing the details of cases where the Court judgments are yet to be implemented;
- d. Quarterly report for monitoring of the court cases;
- e. Quarterly report on nomination of Nodal Officers for monitoring CAT/Court cases at various CAT Benches/Courts.

2.31. **Issue of IAF (CDA-13):** The IAF (CDA-13) should be issued only for cases of fresh cheques in lieu of those lost in transit/time-barred cheques/rejected e-payment transactions with the prior approval of CDA/JCDA. These forms should be kept under the personal custody of GO (AN) who should ensure that these forms are issued only for genuine purpose and the requisition from the concerned GO is duly supported by an approved Office Note.

2.31.1. At the end of each month, the payment of bills made through DV Numbering Register will be counter checked with the bills Noted in the Bill Dairy Sheets and IAF (CDA-13) Register with nominated GO so that cases of un-authorized payment, if any, made through the DV Numbering Register are detected. Any discrepancy in this regard will be immediately reported to the Jt.CDA/CDA through GO.

2.31.2. A certificate to the effect that this counter check has been carried out including the results thereof will be submitted to the CDA by the 10<sup>th</sup> of the following month by each section.

2.32. **Implementation of RTI Act 2005 and Handling RTI Applications:** Officer-in-Charge, Administration or GO (AN) will ensure formation of a RTI Cell in the Section which will be responsible for implementation of RTI Act 2005 in the Organisation including sub-offices as well as to process RTI applications to CPIO and appeals to the First Appellate Authority. The competent authority may appoint an Assistant Public Information Officer and CPIO of appropriate level officers. The RTI Cell including APIO and CPIO will be responsible for making voluntary disclosures under Section 4 of the Act as well as timely response to the RTI applications.

2.32.1. The CPIO may seek necessary details/information from the Sections and sub-offices. The Officer-in-Charge of the concerned Sections will be duty bound to accord priority to the RTI applications and related correspondence.

2.32.2. The RTI Cell will receive the RTI applications duly diarised by the Records Section. The Postal Orders of the fee for RTI applications will be deposited with the cashier for depositing the same with the Government through MRO. A register will be maintained in the Cell recording details of the applications and to monitor the pendency and disposal of cases. A weekly report will be submitted to the CPIO by the cell about

the status of the RTI applications. Similar action will be maintained for Appeal cases which should be recorded separately.

2.33. The Administration Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which are to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – ADMINISTRATION SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Cash Book
6.	Contingent Register
7.	Demand Register
8.	Diary of secret and confidential communications Register
9.	Office Order Register
10.	Register of acknowledgements
11.	Register of attachments
12.	Register of cash received
13.	Register of Dead-Stock
14.	Register of leave salary and pension/fund contributions
15.	DV Register
16.	Master Note Book (MNB) Register
17.	Register of nomination forms
18.	Instruction Order Register
19.	Register of progress of inspection points
20.	Increment stoppage Register
21.	Adjustment through CDA-13 Register
22.	Register of secret and confidential documents
23.	Register of disciplinary action cases
24.	Register of volunteers for transfer to various stations
25.	Register of identity passes
26.	Register of initials of official employed in organisation

27.	Register of Service Books
28.	Un-disbursed amount Register
29.	Register of expendable stores
30.	Livery Register
31.	Register of acquittance rolls
32.	Register of personal numbers
33.	Control Register
34.	CDA-13 Register
35.	Complaint/Grievance Register
36.	RTI Cases Register
37.	CAT/Court cases register
38.	Prosecution Sanction Register
39.	Register of Suspension cases
40.	Register of VIP references
41.	CBI cases register where inquiry is pending
42.	Register of outstanding APARs which are yet to be finalized
43.	Register of Appeal/Revision/review cases
44.	Reports & Return register
45.	Register of sexual harassment cases

## Annexure 'B'

**LIST OF REPORTS AND RETURNS – ADMINISTRATION SECTION**

<b>Sl. No.</b>	<b>Name of the Report/Return</b>	<b>Periodicity</b>	<b>Due Date</b>	<b>To Whom Sent</b>
1.	Weekly Progress report	Weekly	Every Monday/First working day of the week	O&M
2.	Personal Information System Report	Weekly	Every Friday	CGDA
3.	Monitoring of Contempt (court)/CAT cases	Fortnightly	5 <sup>th</sup> of the month following the quarter	CGDA
4.	Reports on outstanding Discipline Cases	Monthly	5 <sup>th</sup> of the following month	CGDA
5.	Monthly Progress Report	Monthly	10 <sup>th</sup> of the following month	CGDA
6.	Vigilance report	Monthly	1 <sup>st</sup> week of the following month	CGDA
7.	Vigilance activities report	Monthly	10 <sup>th</sup> of the following month	CGDA
8.	Report regarding CBI cases	Monthly	1 <sup>st</sup> Week of the following Month	CGDA
9.	Monthly certificate on review of printed compilation	Monthly	Within one week of receipt of printed compilation	Accounts Section
10.	Monthly Report Regarding Revision of Pension	Monthly	10 <sup>th</sup> of the following month	CGDA
11.	Cases on compassionate Appointment	Quarterly	1 <sup>st</sup> week of January, April, July and October	CGDA
12.	Vigilance mechanism report	Quarterly	1 <sup>st</sup> week of January, April, July and October	CGDA
13.	Quarterly Report on review of vigilance work	Quarterly	25 <sup>th</sup> of March, June, September and December	CGDA
14.	Report regarding sexual harassment	Quarterly	1 <sup>st</sup> week of January, April, July and October	CGDA
15.	Employment of family members in foreign mission etc	Quarterly	1 <sup>st</sup> week of January, April, July and October	CGDA
16.	AAO vacancy report	Quarterly	1 <sup>st</sup> week of January, April, July and October	CGDA
17.	FR – 56 Report	Quarterly	25 <sup>th</sup> of March, June, September and December	CGDA

18.	Quarterly Expenditure Reports	Quarterly	Last working day of the January, April, July and October	MoD
19.	Target Report	Quarterly	5 <sup>th</sup> of January, April, July and October	IA Cell
20.	Quarterly Expenditure Report	Quarterly	31 <sup>st</sup> of January, April, July and October	CGDA
21.	Quarterly Hindi Reports	Quarterly	10 <sup>th</sup> of January, April, July and October	Hindi Cell
22.	Report of Vigilance Officer	Quarterly	1 <sup>st</sup> week of the following Quarter	CGDA
23.	CTE report	Quarterly	1 <sup>st</sup> week of the following Quarter	CGDA
24.	Half yearly Report on the Key to the Map of India	Half Yearly	15 <sup>th</sup> Jan & 15 <sup>th</sup> July	CGDA
25.	Half yearly volunteers list for transfer	Half Yearly	1 <sup>st</sup> week of October & April	CGDA
26.	List of Business Industrialists involved in bribery or criminal cases- Mobilization of Public Opinion against such persons	Half Yearly	15 <sup>th</sup> April & 15 <sup>th</sup> April	CGDA
27.	Monitoring of Minority Report	Half Yearly March/September	5 <sup>th</sup> of the following month	CGDA
28.	Outstanding TA/DA Half Yearly Report	Half Yearly	5 <sup>th</sup> of the following month	CGDA
29.	APAR completion Report	Yearly	15 <sup>th</sup> November	CGDA
30.	Annual Appropriation of A/C Reports	Yearly	10 <sup>th</sup> June each year	CGDA
31.	CGEIS Report	Yearly	10 <sup>th</sup> January each year	CGDA
32.	Report regarding foreign visit of central govt. employees	yearly	Last week of December	CGDA
33.	Representation of Women Members on various Committees/Boards	Yearly	10 <sup>th</sup> May	CGDA

34.	Representation of SC/ST/OBC in Central Govt.	Yearly	9 <sup>th</sup> January	CGDA
35.	Reservation of OH/PH in Central Govt. services	Yearly	9 <sup>th</sup> January	CGDA
36.	Report on ODI/Agreed List	Yearly	30 <sup>th</sup> November	CGDA

## Chapter – 3

### Record Section

3.1. **Objectives:** Objectives of Record Section are:

- a. To eliminate delays by prompt distribution of inward dak and prompt dispatch of outward dak.
- b. To contribute to the efficiency of office by maintaining an up-to-date library.
- c. To ensure efficient and up-to-date "Record Management".

3.2. **Duties:** The duties of this section are:

- a. To receive, register and distribute inward dak including emails received in office email ID and to prepare weekly outstanding lists;
- b. To dispatch outward dak;
- c. To maintain and update the office library;
- d. To indent for, receive and distribute stationary and forms and to keep an account of the stock of stationary and forms held in its charge;
- e. To receive, arrange in a methodical manner with proper listing, and preserve, records in the record room, and retrieve them on request of the concerned Sections and to destroy time-expired records from time to time;
- f. To procure, distribute and paste correction on books of regulations, DRDO Manuals/Instructions/ Orders etc;
- g. To arrange for printing of forms in prescribed formats etc;

3.3. **INWARD DAK:**

3.3.1. **Receipt, opening and sorting:** The Record Section will take delivery of all mails addressed to the office including local dak received through messengers. The addresses on all covers will be examined by the AAO or a senior assistant to make sure that the covers are meant for the office. Unregistered covers will be opened by one or more peons in the presence of the dak sorter. Registered covers will be opened by a clerk under the supervision of the Assistant Accounts Officer. In opening covers, care will be taken to see that the contents are not damaged. The contents of each cover will be carefully taken out and each document will be stamped with the office date stamp. The AAO, Record Section, will ensure that the stamp is not put in the body of a letter, etc; or in any other place which is likely to obliterate its contents.

3.3.2. The AAO will collect inner covers marked Secret/Top Secret/Restricted/Confidential, enter particulars thereof (viz. number, date and office of dispatch as noted on the outside of such covers) in a transit book kept for the purpose, and personally hand over the transit book along with the covers to the Officer-in-Charge of the Administration Section, who will initial against the entries in the transit book in token of receipt of the covers. Any letter/dak addressed to an Officer by name including personal correspondence will be handed over by the AAO, Records Section personally to the concerned Officer.

3.3.3. The dak will be sorted out into separate trays for the various sections, letters and bills being kept separate. Arrangements will be made for scrutiny of the dak by the

section representatives to ensure that all documents allotted to their Sections incorrectly will be transferred on the spot by mutual agreement with other section representatives. Disputes, if any, regarding the particular section to which a letter pertains will be decided by the Officer-in-Charge of the Record Section. Any communication addressed to an outside party but wrongly received in the office will be transmitted to the correct party under advice to the sender by the Record Section either by registered or unregistered post; as the case may warrant.

3.3.4. The attendance of dak sorters and of the section representatives may be regulated at the discretion of the CsDA/PCDA with due regard to hours and frequency of postal deliveries at the station.

#### 3.4. **Diarisation**

3.4.1. **Letters:** After the sorting has been done, all letters (including those received by registered post) will be diarized group wise for each section separately by the Record Section in IAF (CDA)-239 in duplicate or in Office Automation System installed by EDP Section. Only the number and date of the communication and party from whom it has been received will be entered in the diary. Two or more diaries may be opened for a section where the receipt is large.

3.4.2. **Bills:** All bills of pre-audit and post-audit (including those received by registered post) will be diarised group-wise for each section separately in Office Automation System or IAF (CDA)-239 in duplicate. The Record Section will invariably page number the document and verify that enclosures are attached to bills and make suitable remarks where necessary. Enclosures will also be checked by the section representatives. All bills irrespective of their nature will be received only in Record Section and will be sent to the respective sections after duly diarising and page numbering them.

3.4.3. **Valuable Documents:** Valuable documents, viz. G.P. Notes, fixed deposit receipts, post office cash certificates, cheques, drafts, bank guarantees, MROs, service books, sheet rolls, long rolls, medical history sheets, records of service, indemnity bonds, insurance policies, court attachment orders and other documents of a legal nature, will be diarised in duplicate in a separate "Register of Valuable Documents" keeping loose sheets below the pages of the register.

3.4.4. **Emails:** Records Section will check the emails received in the official email ID of the Office. It will print out, diarise and distribute the same on a register immediately. The emails should be checked at least twice a day and frequency may be increased on the basis of frequency of usage of this facility.

3.4.5. **Reminders and complaints:** Reminders and complaints, whether marked as such or in the form of a letter, will be collected by the Record Section from the dak and put up to the CDA/PCDA, JCDA/Addl.CDA and the Group Officer of the sections concerned. On receipt back, the same will be diarised in either Office Automation System or manually in duplicate in IAF (CDA)-239 in two separate registers - one for reminders and the other for complaints.

3.4.6. **Special dak:** Important communications from the Government of India, CGDA, DRDO/Services Headquarters, etc; will be put up to the CDA/PCDA, JCDA/Addl.CDA and Group Officer for perusal. On receipt back the same will be diarised.

3.4.7. **Top secret, secret and confidential dak:** As top secret papers must at all times and in all stages remain in the personal custody of the officer dealing with them, these papers are invariably required to be addressed by name to the officer for whom they are intended. Top secret letters and documents received by an officer other than the head of the office will be brought to the latter's notice for any direction or orders he may consider necessary in each case. He will have them diarised in a separate diary. The diarizing will be done in such a manner that the contents of the letters/documents are not disclosed. The diary in respect of all top secret documents and letters should be submitted to the head of the office for perusal every month.

3.4.7.1. All secret and confidential covers brought to the Group Officer or the Officer-in-Charge of the Administration Section by the AAO, Record Section (or a reliable individual nominated by him) will be opened by the GO (Administration) personally and transmitted to the Officer concerned (except any letter held back by the CDA/PCDA from circulation). The confidential letters of general interest will be shown to all GOs as well. These letters will then be passed to the Officer-in-Charge, Administration Section for diarizing and distribution to the section officers concerned.

3.4.7.2. Secret and confidential covers intended for the Controller personally will be handed over to him by the GO/Officer-in-Charge of the Administration Section.

3.4.8. **Demi-official communication:** Demi-official letters addressed to the CDA/PCDA and the JCDA/Additional CDA, will be diarised and distributed by the Administration Section.

3.4.9. **Distribution:** Valuable documents will be handed over to the cashier or the AAO/AO/SAO of the Sections concerned, whose initials will be taken in the register. Other dak along with the duplicate copies of the diary sheets will be handed over to the AO/SAO of the section concerned, who will arrange to send the dak to the respective GOs of the groups. After the dak has been seen by the latter, the AO/SAO will hand it over to the AAOs concerned along with the duplicate copies of the diary sheets. Letters etc. once accepted by the section representatives at the time of scrutiny of dak or disputed letters marked by the Officer-in-Charge, Record Section to be received by a particular section will not be returned to the Record Section. Such documents may be transferred by the particular section direct to the section concerned by mutual agreement.

3.4.9.1. Frequency of daily distribution of dak will depend on the frequency of postal deliveries and will be fixed by the CDA/PCDA. However, it will be at least once a day.

3.4.10. **Marking Disposals:** Disposal of letters etc. will be marked in the section records under the initials of the dealing clerk concerned (or the general clerk attached). The AO/SAO of the section will note the numbers and dates of disposals under his dated

initials in the register maintained by the Administration Section for secret and confidential letters.

**3.5. Preparation of outstanding lists:** The outstanding lists in respect of secret and confidential dak will be prepared weekly on every Friday by the Administration Section in duplicate, separately for each section. These lists will show all receipts upto the previous week still undisposed off. One copy will be passed on to the section concerned for marking of outstanding items in the diary register maintained in the Administration Section. The lists will be returned to the Administration Section showing against each item whether the disposal has been marked in the diary register or whether the receipt is still outstanding. The Administration Section will intimate to the Record Section the total number of secret and confidential letters outstanding against each section.

3.5.1. As regards letters other than secret and confidential, the outstanding list will be prepared by each section and submitted to the Officer-in-Charge for information. The total number of letters outstanding for more than one week on last working day of the week will be intimated by all sections to the Record Section every Monday. The date of receipt of the oldest letter will also be intimated.

3.5.2. The Record Section will compile a consolidated weekly report for the whole office showing, for each section, the number of letters, etc, outstanding separately under each category i.e., special confidential, secret, reminders, complaints, bills etc. This report will be submitted to the CDA/PCDA every Wednesday or earlier.

### **3.6. Outward Dak**

3.6.1. **Dispatch:** In relation to outward dak, the Record Section will do the following:

- a. Dispatch all outward letters, speed post, registered and insured parcels;
- b. Maintain dispatch registers and record therein the total number of envelopes sent by ordinary post and other necessary particulars, e.g., numbers assigned and addresses in respect of letters, etc., sent by registered post; and
- c. Keep stock of service labels and maintain a stamp account in respect of service labels used in dispatching letters, etc.
- d. Important letters dispatched by ordinary post will also be recorded in the dispatch register like those sent by registered post, if the Officer-in-Charge of the section concerned considers it necessary and makes a request to this effect on a separate slip.
- e. Secret and confidential covers are treated as "important" and they must be sent by registered post and entered in the dispatch register. The dispatch of confidential correspondence may be made through the ordinary office dispatch register, but the entries therein should afford no clue as to the contents of the documents and should refer only to the entries in the confidential register.
- f. A register for the dispatch of secret and top secret correspondence should be maintained by the Controller or Officer-in-Charge of the Administration Section. This register should be kept under lock and key.
- g. Papers bearing security classification dispatch from the office should be placed in double covers, the inner one (which should be sealed) only being marked "secret" or "confidential" and superscribed with the name or designation of the addressee

and the number and date of the communication enclosed therein, on the top left hand corner, and the designation of the office of origin in the bottom left hand corner. The outer one should be addressed in the ordinary manner.

- h. Secret correspondence transmitted between sections or officers in the main office should pass from hand to hand by personal delivery or be sent in sealed covers or locked boxes.
- i. Full particulars of valuable documents issuing from the office will be recorded in the dispatch register. Where considered necessary, a separate dispatch register in respect of valuable documents may be maintained. The dispatcher should initial in ink in the transit books through which such documents are sent to the Record Section by other sections.
- j. A pigeon hole will be allotted in the Record Section for each addressee with whom communications are regularly made. On receipt of fair copies in the Record Section, they will be sorted into their appropriate pigeon holes. The pigeon holes will be cleared and the dak is dispatched daily.
- k. All covers will be neatly addressed and endorsed with full signature of the dispatcher and designation of the office of issue at the left hand bottom corner. In most cases, it will be found convenient to use cyclostyled slips bearing full addresses of offices/Labs, formations etc., to which communications are frequently dispatched. Different letters for the same addressee should normally be sent in one cover.
- l. Postal Franking Service, if available, should be utilized to the extent convenient. In dispatching covers other than those sent through Army courier service, care should be taken to see that the correct amount of postage is used for each cover which will be weighed where necessary.

3.7. **Postage:** Service labels should be kept in the custody of the AAO, Records Section under lock and key. He will issue them to the dispatchers in bulk as required and keep an account of all such issues. When it is necessary for the AAO to replenish the stock of service labels, a contingent bill (IAFA-115) with a requisition (IAFZ-2094) in duplicate, will be prepared and sent to the cashier for entry in the register of office contingent expenditure (IAFA-481) and transmission to the Administration (Housekeeping) section for issue of a cheque in favour of the local Postal officer for the value of service labels required. This cheque will be sent by the AO/SAO with the requisition to the Postal Office where the service labels will be issued.

3.7.1. The postage account will be maintained in the dispatch register (IAFZ-2016). The amount of postage on each registered cover in respect of the communications recorded in the dispatch register will be entered in the column provided for the purpose and totaled daily. At the close of the day the other envelopes sent by ordinary post will be counted and their numbers and the value of stamps used entered in the register in the manner indicated below:-

No. of envelopes	Value of stamps on each		Amount	
	Rs.	P.	Rs.	P.

3.7.2. The daily expenditure on account of postage will be checked by an Auditor/Clerk to be detailed by the Administration Section, by actual counting of all stamped covers before sending them to the post. The total value of stamps expended on each date will be worked out and the progressive totals carried forward to the end of the month when the monthly postage account will be made up as follows:

Monthly Postage Account for _____	Rs.	P.
Opening Balance		
Expended during the month		
Received during the month		
Closing Balance in hand at the end of the month		

3.7.3. When the above postage account is made up, the dispatcher will submit it to the AAO who will verify the balance of stamps in hand as shown in the register with the actual stock. The account will then be submitted to the Officer-in-Charge of the Record Section for examination and signature.

3.8. **Library:** In order that there may be one absolutely trustworthy source of information by which all copies of regulations can be checked, a central library of books of regulations will be maintained for reference. At least one copy of every current book of regulations including Departmental codes and manuals, hand-books, tables, Defence/DRDO Lists, Gazettes and files of letters received from the various Departments of the Government of India, CGDA and DRDO, Army, Naval and Air Headquarters, will be placed in the library and kept up-to-date. All DRDO instructions, DOP&T Instructions, Services Instructions/Orders and other orders will be connected and cross-referenced. One copy of every previous edition of regulations and handbooks etc., should also be kept for future reference in order that old questions may be decided with the aid of the rules that were in force at the time. The books, manuals, regulations etc., will not be removed from the library (except when required by an officer who will obtain them on requisition) but will be available for consultation in the library at any time by all members of the office.

3.8.2. In addition, the books/publications/magazines/reports relevant to the functioning of the organisation may also be added to the library periodically so that the skills and knowledge of the officers and staff may be kept up-to-date. For this purpose, Records Section can obtain requisitions quarterly from all the officers. Any particular book may be requested by any section to the Records Section any point of time.

3.8.3. The Officer-in-Charge of the Record Section will be responsible for seeing that all books in the library are catalogued and that the catalogue is kept up-to-date. Every officer, on assuming charge of the Record Section, will satisfy himself as to the state of the library. Unless, at the time of taking over charge, he reports that the books are out of order or that any volumes are missing, it will be assumed that he received the library in good order and then he will be personally responsible for any defects.

### 3.9. **Stationery and Forms**

3.9.1. **Supply of stationery:** An annual indent on S.O. 154 for articles of stationery required for use during the following year will be sent so as to reach the Controller of Printing and Stationery, Kolkata, on or before 2<sup>nd</sup> January of each year. The indent will

be prepared in accordance with the scales given in Appendix "B" of the "Rules for the Supply and Use of Stationery Stores". Care will be taken to regulate demands with reference to stocks in hand and actual requirements for the ensuing year. Supplementary indents for any articles of stationery required later during the year may be sent to the Controller of Printing and Stationery. Necessity for the additional supply should be fully explained in a separate covering letter.

3.9.2. On receipt of a consignment of stationery, the contents of each parcel will be carefully verified by the AAO/AO, Record Section or a Board of Officers. Any deficiencies, surpluses or defects will be reported to the Controller of Printing and Stationery without delay.

3.9.3. Sub-offices of Controllers are not authorized to place indents direct on the Controller of Printing and Stationery. They will submit their indents on I.A.F.Z-2278 quarterly in advance through the CDA/PCDA to the stationery depot which serves the area in which they are stationed, in accordance with the Orders regarding the submission of such indents. These indents will be checked by the Record Section and after countersignature passed on to the stationery depot concerned.

3.9.4. **Local purchase of stationery:** In cases where the supplying authority fails to comply with indents after one month from the scheduled date of submission of indents, the CDA/PCDA or his sub-office may with prior sanction of the CFA and intimation to the supplying authority, resort to local purchase of the essential items to meet their requirements for a quarter or so. If, by special efforts the supplying authority can, on receipt of the message, arrange for supply of such items, the indenter will be intimated by email/fax not to resort to local purchase. On emergent occasions, however, such local purchase will be promptly reported to the supplying Authority by a letter explaining the necessity. Bills for stationery purchased locally will be scrutinized by the sanctioning authority to ensure that the prices charged are reasonable and that the cost of the articles so purchased is correctly debitable to the stationery head. Thereafter the bills will be forwarded to the Controllers concerned, for payment quoting the number and date of the sanctioning authority's letter.

3.9.5. **Stationery Account:** A monthly account of receipt and issue of each article of stationery will be kept by the stationery clerk on Form S-41, on the lines indicated in Office Manual II Volume II of the Department. An accountant from another section of the office will be deputed half yearly by the CDA/PCDA to audit the stationery register and to verify by actual counting the stock balances as shown in the register. He will initial the balances of all articles in token of such verification. Surprise checks will be exercised by the Officer-in-Charge of the Record Section at least twice a year. The orders of the CDA/PCDA will be taken if any surpluses or deficiencies are discovered.

3.9.6. **Custody and issue of stationery:** All articles of stationery will be kept under lock and key in a suitable place where no deterioration can occur. Stationery will, ordinarily, be issued to the office establishment once a month on demands (O.F. 1615) signed by AAOs of sections, who will ensure that the demands are restricted to actual requirements and are within the scales laid down in the stationery regulations. On receipt of stationery demands from sections, they will be checked by the stationery clerk

and any articles in excess of the scale authorized will be reduced to the correct scale. The demand will then be submitted through the AAO to Officer-in-Charge of the Record Section for passing orders for the issue to be made.

3.9.7. **Supply of forms:** Estimates of annual requirements of all forms from the various sections of the office will be obtained by the Record Section in sufficient time to admit of a consolidated indent being prepared on IAFZ-2002 and sent to the Manager, Government of India Forms Store, Kolkata, on the due date, after check with reference to consumption during the past year and stock in hand. If the forms are not received after one month of the indent, the printing of forms may be done locally. Indents for forms received from the sub-offices will be checked and after countersignature passed on for direct compliance to the authorities as under:

Sl. No.	Indent Form	Periodicity (in advance)	Concerned Agency to which form will be submitted
a.	Indent (IAFZ-2279)	Quarterly	Appropriate stationery depot
b.	Indent (IAFZ-2002)	Annually	Manager, Government of India Forms Store, Kolkata.

3.9.8 **Custody and issue of forms:** The clerk in charge of forms will be responsible for the safe custody and maintenance of sufficient stock of all forms. An account of LPC books, military credit Notes, and Imprest holders' requisitions will be maintained in the register on IAF (CDA)-250. In the registers the receipt and issue of each form will be shown and the closing balance worked out at the end of each month. The registers will be checked by the AAO of the Record Section and submitted to the Officer-in-Charge by 5<sup>th</sup> of the following month.

3.10. **Records and Record Rooms:** Sections having records due for deposit in the record rooms will make arrangements to have them bound (see Office Manual, Part I) and after binding will send them together with a list thereof to the AAO of the Record Section. On receipt of such records, and after verification with the covering lists, the record room clerk will enter particulars of the records in "Index of Records" {IAF (CDA)-244}, and assign a number to each volume. The stage at which the current records in sections are to be transferred to the record room will depend on the nature of the files maintained and is left to the discretion of the Controller.

3.10.1. The records of sections and sub-sections deposited in the record room will invariably be kept distinct and separate. Racks will be numbered consecutively and detailed lists of the records kept in each rack maintained by the clerk in charge of the record room. A label showing the nature of records on each shelf will be pasted on the shelf, or a card giving the information will be hung in front of the shelf.

3.10.2. In arranging the records, it will be found advisable, whenever this is possible, to arrange them in chronological order with the volumes placed in numerical order. The clerk in charge of the record room will be responsible to see that:

- a. All records under his charge are duly indexed and labeled;
- b. No files, registers or documents of any kind lie on the floor;
- c. A proper up-to-date register is kept of all records issued to and received back from sections;

- d. Indents and requisitions for records are promptly complied with.
- e. Regular calls are made for the return of records issued to sections;
- f. The records and racks are kept clean and free from dust and are not damaged by vermin or white ants;
- g. No smoking or naked lights are allowed in the record room; and
- h. Proper fire safety measures including fire extinguishers are placed at various locations and they are in working conditions. Wherever smoke detection system and automatic fire fighting mechanisms are installed, they are to be maintained as per OEM instructions.

**3.11. Preservation (including digitization) and destruction or disposal of records:** The instructions to be followed for the preservation and destruction or disposal of records including old editions of books or regulations are laid down in Office Manual, Part I. The periods for which the various kinds of records are to be kept are laid down in OM Part II Vol. I. Records Section will initiate the process of digitization of old records wherever necessary. This can be decided by the CDA/PCDA on the basis of office space, size and condition of records and stipulations for preservation of records.

### 3.12. Books of Regulations

**3.12.1. Supply of books of DAD/DRDO/Services Regulations/Instructions/Orders, etc.:** Supply of books of regulations, codes, Services/DRDO Instructions/Orders etc. is arranged by the CGDA to whom any variation in requirements should be intimated. In arranging for the supply of periodicals issued in or out of India, endeavors should be made to procure them at the cheapest possible rates. The cost will be met from the office contingent grant.

**3.12.2. Receipt and Distribution of books etc.:** Books of regulations, codes etc., received for use in the office will be stamped with the office stamp in such a way that the impression cannot be easily cut out or removed. The books, correction slips, DRDO/Services Instructions/Orders, etc., will be entered by the Record Section in a distribution register [I.A.F. (CDA) -225] and they will be made over to the officers, sections, etc., according to their authorized distribution, acknowledgements being obtained in the register.

**3.12.3.** Controllers will arrange for sets of all necessary codes, regulations, manuals, etc. to be provided for each officer/section of the Main Office and for each sub-office. The responsibility for the custody, maintenance and correction of the publications will devolve on the officers actually holding the books and they will be required to hand over them to their successors when transferred or otherwise vacating their posts. On receipt of the books in the sections they will be further marked on the edge with the name of the section and, in brackets, the task number of the Auditor/Sr. Auditor to whom allotted, e.g., if 6 copies of any book of regulations are given to the "Pay Section (Task No. 1)", "Pay Section (Task No. 2)", etc., as the case may be.

**3.12.4.** The books will be distributed amongst the AAOs and clerks of the section concerned under the orders of the Officer-in-Charge, a register showing the distribution being maintained in the personal custody of the AAO in the form given in volume II of Office Manual II of the DAD. Signature of the AAOs and the clerks concerned will be

obtained and they will be responsible for the safe custody of the book or books until they are handed over or returned. Unless any special arrangements are made for pasting correction slips, they will also be responsible that the books are kept corrected up-to-date. In the register a number of pages should be allotted for recording the books in charge of the AAO and of each Auditor/Sr. Auditor so as to allow plenty of space for subsequent transfers of books. In the event of loss of a book the individual responsible for the loss will be required either to arrange for the replacement of the book or to pay five times the cost of the book. An undertaking to this effect should be obtained from the officials, before any book is issued to them on loan.

3.13. **Corrections to books of regulations, etc.:** It is a matter of great importance that all books of regulations, codes, etc. should be kept corrected up-to-date. Uncorrected copies of regulations etc., are liable to result in erroneous decisions being given and are, therefore, worse than useless. In order that the correction of regulations, codes, etc., may be carried out regularly and systematically, the following procedure will be followed:

- a. The clerk in charge of the library will be responsible to see that the number of correction slips corresponding to the number of books on charge are correctly distributed to officers serving in the main office (except the CDA and J.C.D.A), local audit officers, Officer-in-Charge, pay accounts offices, AAOs of sections and accounts sections of M.E.S. formations and that they are acknowledged by the recipients. The books of regulations, codes and manuals, etc., held on charge of CDA and J.CDA are to be kept corrected by the clerk in charge of the library.
- b. The work of keeping the books of other officers corrected (properly linked and cross-referenced) will be allotted to one or more record clerks employed in the sections and will be closely supervised by the officers themselves.
- c. When correction slips are received, they will be immediately distributed to all concerned, a sufficient number being retained by the clerk in charge of the library to correct the books of the C.D.A/J.CDA, probationer officers, examination stock and the library copies of books. The particular book to be corrected will be collected by the clerk in charge of the library and the corrections are inserted therein. A note in manuscript will be made by the clerk in charge of the library in each book corrected showing the number of the list of correction pasted in and the date of pasting. The actual pasting in the correction slips will be checked by the clerk in charge of the library and the books returned to the officers concerned.

**Note:** The clerk in charge of the library will be responsible for the custody, maintenance and correction of books of probationer officers and examination stock. Controllers may, however, at their discretion get the correction slips pasted in the books of examination stock either under arrangements made by them or by the candidates to whom the books are issued on loan. In the later case the corrections will be handed over to the candidates with the books.

- d. Officer-in-Charge of Sub-Offices will make suitable arrangements for pasting corrections to the books of regulations on their charge and will be responsible to ensure that they are kept corrected up-to-date.

- e. The clerk in charge of the library will bring to the notice of the Officer-in-Charge of the Record Section any case in which a sufficient number of correction slips have not been received or any other deficiency in their supply.
- f. Officers are advised to keep their copies of books of regulations and Departmental codes and manuals under lock and key, when not actually in use, and to hand them over personally to the record clerk responsible for correcting them when they are required for correction. The designation of the officer to whom the books pertain should be prominently marked on each book and in the case of personal copies, the name of the officer to whom they belong.
- g. The clerk attached to a section will be responsible to see that copies of all Instructions/Orders etc. are promptly and correctly placed in the covers for such orders of officers serving in the main office. He is also responsible to keep these Instructions etc. properly linked and cross-referenced.

3.14 The Record Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. The list is illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – RECORD SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Dispatch Register
6.	Inward Diary Register
7.	Register of books of Regulations, etc. distributed among sections and sub-offices
8.	Register of forms
9.	Register of records
10.	Register of stock of stationery
11.	Register of time expired records
12.	Master Note Book (MNB) Register
13.	Instruction Order Register

## **Chapter - 4**

### **DISBURSEMENT SECTION**

4.1. **Objective:** To arrange promptly for disbursement on behalf of the DRDO Labs/establishments and Defence Accounts Department in the allotted spheres, safeguarding the interest of Government (Authority: Annexure A to CGDA's circular No. 13320/AT-Coord. dated 3.04.1979).

4.2. **Duties:** The duties of Disbursement Section are:

- a. To arrange for cash assignments on treasuries and the Bank as approved by the concerned audit section in favour of disbursing officers authorised to make payments;

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

- b. To indent for cheque pads and cheque books and to arrange for their custody and accounting.
- c. To pay all passed bills received from audit sections through Cash Management Product (CMP) of SBI, various modes of e-payment and through cheque.
- d. To dispatch cheques and cheques slips to concerned units, individuals and LAOs.
- e. To prepare a schedule III (I.A.F.(CDA/PCDA)-345) separately for each section and to forward one copy of the schedule to EDP Centre.
- f. To maintain a daily record of the reconciliation made between the totals of daily payment sheets and schedules III.

4.3. **Cash Assignments:** The CDA/PCDA and authorised officers of the Defence Accounts Department may draw cheques on any civil treasury or the Bank to meet the requirements of the Defence Services. No cash assignments are required for this purpose. However, in case of disbursing officers, other than above officers, who are allowed to draw cash from civil treasuries or the Bank for specified purposes, cash assignments are arranged in their favour by the CDA/PCDA on the particular treasuries or the bank from which the drawings are to be made by them. Requisitions from such officers for cash assignments showing the total amounts required for the year and the amount required for each month are sent to the CDA/PCDA by the first week of March each year. Such requisitions are received in the audit section concerned, which carries out necessary scrutiny to ensure that the amount to be allotted is not likely to be in excess of the requirements of the disbursing officers and forward the same to Disbursement Section for further action. On their receipts, Disbursement Section will send requisitions to the treasury officers or the Bank concerned by 15th March each year showing the amount allotted to each of the disbursing officers for each month of the year under advice to the audit section and the LAO concerned.

4.3.1. Drawings against these assignments by the officers concerned are made exclusively by cheques supplied to them by the concerned CDA/PCDA. Drawings against assignments granted to a disbursing officer will be watched by Disbursement Section through a register in IAFA-277, in which separate pages will be allotted for each treasury

or the Bank on which assignment is placed. The assignments granted and the monthly drawing as advised by the disbursing officers through the monthly statements will be entered in this register and the balance worked out; the numbers and dates of all correspondence with treasuries or the Bank in regard to the grant, transfer or reduction of assignments will also be noted in the register. If it appears that the amount placed at the credit of disbursing officer has been overdrawn, he will be called upon to explain the cause of the overdraft under advice to the audit section concerned. The treasury officer or the Bank will also be called upon to state why the overpayment was allowed.

4.3.2. The monthly statements of drawings submitted by the disbursing officers to the audit sections concerned will, after verification from the monthly accounts, be sent to Disbursement Section for posting in the cash assignment register (I.A.F.A.-277) and for record.

4.4. **Receipt, custody, accounting etc. of the cheques:** Payments on treasuries and the Bank are made by cheques/E-payment modes including Cash Management Product of SBI. The detailed rules for obtaining cheque pads ('fan-fold' cheque pads) and cheque books, their safe custody, issue of cheque books to the disbursing officers in whose favour Cash Assignments are granted, are as laid down in Annexure to Para 321 of the Office Manual Part II Volume I.

4.5. **Disbursement:** Payments are made either by cheques/RTGS/NEFT/ECS/NECS/CMP or by cash. The general rules affecting cheques are contained in Rules 300 to 302 Financial Regulations Part I. Presently most payments are made through CMP of SBI, Mumbai mode as per MOU entered with the SBI, Mumbai by the R&D Controllers (which is also applicable to the respective sub-offices). Therefore on each day, various data files are uploaded on the web portal of the SBI CMP and there is no need to issue cheque under the system. However, for payment through ECS/NEFT/RTGS under Non-CMP system, cheque is issued to a nodal/sponsor bank as per the MoU signed with the nodal bank and details of beneficiaries are given under ECS Sheet generated through OA System. Further, payment may be released through cheques also in some rare cases of Non-ECS payment due to non-availability of E-payment details.

- a. Daily payments sheets in form IAF-728 will be generated through OA Module by each audit section. The sheets will be necessary for both ordinary and urgent payments. Special care must be taken to see that payments which can await inclusion in ordinary payment sheets are not included in urgent ones.
- b. All bills passed for payment by the gazetted officers of an audit section will be allotted consecutive disbursement voucher (DV) numbers and entered in the daily payments sheets by that section. The particulars entered in the daily payment sheet will be noted simultaneously in the disbursement voucher number register. However, the OA System maintains all these details automatically. The number of vouchers that are to be scheduled to the local audit officers will, in addition, be entered in the remarks column of the disbursement voucher numbering register in the concerned Audit Section. Bills payable to the same payee will be grouped together in Column 4 and the total carried to Column 5. The total amount of each sheet will be entered at the foot of Column 5 in figures as well as in words. The

total number of items appearing in Column 5 should also be shown in words and figures in the space provided at the bottom of the left hand corner of the sheet.

- c. If there are insufficient items to fill in a sheet completely, a line should be drawn horizontally under the last entry in Columns 4 and 5, and a diagonal line drawn from the last entry in these columns to the foot thereof.
- d. The daily payment sheets will be carefully checked and initialled by the group AAO/SO (A) of the audit section concerned and signed in full either by the Officer-in-Charge or the AAO/SO (A) of that section. Thereafter the bills will be arranged in the order of the entries in the daily payment sheets and handed over to Disbursement Section in one batch together with daily payment sheets. These will be kept in Disbursement Section under lock and key for release of payment on FIFO (First In First Out) basis. Urgent bills on which payment is to be released on the same day of receipt, should-be sent to the Disbursement Section by 3:00 PM with daily payment sheet marked "out today". In exceptional cases, where it is essential that payment of bills should be issued forthwith, the bills which are so marked will be received and paid by Disbursement section immediately. In daily payment sheets endorsed "out today", the endorsement should be signed by the Officer-in-Charge of the audit section concerned'.
- e. During the last week of the month when there is rush of payment, the audit sections should endeavour to ensure that the flow of bills of Disbursement Section is even. Cheques for ordinary payments i.e. those which can wait till the first of the next month, should not be issued on the last working day of a month. Daily Payment Sheets in respect of such payments should, therefore, be sent to Disbursement Section on the first working day of the following month.

**Note 1:** Piecemeal payment, on different days, of bills entered in any one daily payments sheet will not be permitted under any circumstances.

**Note 2:** The date of payment of the daily payment sheet will be noted in the space provided for the purpose in the right column with signature of the Officer-in-Charge.

**Note 3:** Passed bills together with the IAFA-728 after the latter has been signed by the Office-in charge or the AAO/SO (A) of the audit section, will be sent in safe custody to Disbursement Section.

**Note 4:** Disbursement Section will be supplied with a complete list of specimen signatures of all gazetted officers and AAO/SO (A) responsible for passing bills and signing the daily payments sheets.

4.6. On receipt of the bills with IAFA-728 in Disbursement Section, the names of payees and the treasuries as shown in the bills will be checked with those in IAFA-728. This check will be carried out by the concerned task holder to be appointed by the Officer-in-Charge of the section. The examiner will also verify the signatures of the Officer-in-Charge and the AAO/SO (A) on the passed bills and the daily payment sheets with the specimen signatures on record in Disbursement Section, before the payments are released. The bills and the daily payment sheets which do not pass scrutiny will be returned to the section concerned for completion under forwarding memo. Thereafter, the bills and the daily payments sheets will be sorted out separately for each section and arranged in a serial order. The bills will then be examined to see (i) that all have been duly passed and the voucher number allotted and (ii) that the required number of cheque slip/cheque forwarding memos are attached. The bills will be stamped with the "Pay"

stamp by the AAO/SO (A) and the encasement initialled by him. Daily payment sheets will then be handed over to the operator.

4.7. Cheques and Schedule III will be prepared by the taskholder or generated automatically through Office Automation module in accordance with the instructions laid down on the subject. As each schedule is completed, it will be passed on to the auditor concerned together with the payment instructions/cheque and the daily payment sheets. The auditor will stamp the same with a cross "Not payable before the 1<sup>st</sup>/the last working day of the month (i.e., particular date)", enter the date of the cheque in the case of individual cheques and the No. and date of the cheque in the case of omnibus cheques (please see Note 10 under Para 329 of OM Part II Vol.I) in the space provided for the purpose on the voucher, initial the entry and compare schedule III with the daily payment sheets in order to see that the schedule is correct and that it agrees with the daily payment sheets. If a cheque/payment instruction relates to two or more bills, the bills should be collected in a wrapper and relevant cheque slips/cheque forwarding memos pinned to the top of the voucher. The bills thus completed will be handed over to the AAO/SO (A) together with the cheques/payment instruction for supervision and submission to the Officer-in-Charge along with the office copy of schedule III.

4.8. Hand written (in ink) specimen signatures of officers authorised to draw cheques will be forwarded to all treasuries, banks on whom cheques are drawn. The No. of such officers should not at any given point of time exceed five in main office (including the full time 'D' section officer and three in other offices).

**Note:** While drawing cheques it should be ensured that the following procedure is adopted:

- a. Where cheques are typed on perforated cheque writing machines, the name of the issuing Controller should be typed after the words 'and charge the same against the account of printed on the body of the cheques.
- b. Where cheques are written by hand the name of issuing Controller should be written legibly by hand in the appropriate space mentioned at (i) above.
- c. In case of defence cheques drawn by the various executive authorities against cash assignments placed at their disposal, CDA/PCDA may arrange at the time of issue of blank cheque books to the administrative authorities that the name of the CDA/PCDA is filled in the blank cheque book. All cheques, the proceeds of which are creditable to public fund Account should be embossed prominently with a rubber stamp reading as 'For credit to public Fund Account Only'.
- d. It should be the personal responsibility of the cheque signing officer to ensure that these instructions are strictly complied with before signing the cheques. The implementation of these instructions should also be checked by the Group Officer concerned every month by sample checks.

**Note:** Ordinarily, one cheque will be made out in payment of bills payable to the same party which are received in the same batch from an audit section. Controllers, however, are permitted to relax this rule in cases where they consider that this relaxation is necessary. Omnibusing of cheques is, however, permissible within one section only.

4.8.1. With a view to safeguarding bankers and payees against the possibility of fraudulent payments being obtained by the substitution of cheque slips or by erasing the

names of payees in cheque slips prepared in pencil and inserting other names instead, at any stage between the issue of cheques and their credit to accounts in banks or treasuries, the following procedure will be observed:

- a. Cheque slips will be prepared in ink or generated through office automation will be initialled by the AAO/SO (A) of the audit section concerned.
- b. Cheque slips relating to cheques made out in the names of actual payees (as distinct from bankers) should be initialled by the AAO/SO (A), Disbursement Section and need not be initialled or signed in addition by the officer signing the cheque.
- c. Cheque slips relating to cheques to be credited to the account of payees with a bank should be signed by the officer signing the cheque. These cheque slips should not be initialled or signed by the AAO/SO (A), Disbursement Section.
- d. Where a cheque is drawn in favour of a bank for credit to the accounts of a number of payees and is accompanied by a number of cheque slips, Disbursement Section in forwarding such cheque to the bank will prepare a forwarding list of all cheque slips. The forwarding list should show the serial number of cheque slips together with the total of the amounts entered on each cheque slips.
- e. As the Bank does not send intimation of credits received from the CDA/PCDA, it is necessary that the entries in the cash book of a unit or formation should be made on authority of the intimation slips received from the CDA/PCDA. In accordance with Rule 133, F.R. Part I, "not payable before" cheques cannot be charged to the accounts until the date on which they become payable. It is, therefore, necessary for the proper maintenance of the cash book that the intimation slip received from the CDA/PCDA should clearly indicate whether the cheque to which it pertains is payable or not payable (till after a certain date). All the intimation slips issued by the CDA/PCDA for cheques endorsed "not payable" (till a certain date) must invariably be so endorsed for the guidance of the officer maintaining the cash account.

4.8.2. The daily payment sheets should be returned to the audit section concerned only after completion i.e. when the necessary agreement between the totals of schedule III and the daily payment sheet is signed by the Officer-in-Charge, Disbursement Section. They cannot be removed from Disbursement Section during the course of the day before they are completed.

4.9. **Dispatch of cheques and cheque slips forwarding memos:** On return of cheques/payment instructions alongwith bills, etc., from the Officer-in-Charge, the same will be handed over to the dispatcher together with the cheque slips. The dispatch of cheques/payment instructions will be carried out by a clerk of Disbursement Section. He will mark off the dispatch of cheques in Schedule III. Those which are to be sent by registered post will, however, be entered in a dispatch register together with other documents accompanying the cheques. Following points must be ensured while dispatch of cheques/cheque slips:

- a. No cheque, under any circumstances should be handed over to any AO/SAO or member of staff of the CDA office by the Officer-in-Charge, 'D' Section. Cheques which are required to be handed over to the authorised representative of Units

will be handed over personally by the Officer-in-Charge of 'D' Section only or by an officer deployed by the CDA/PCDA for this purpose. No cheque should be handed over to the representative of any supplier except under the order of 'CDA/PCDA'.

- b. The dispatcher will be responsible for maintaining postage account in the manner laid down in Chapter 3 of this Manual.
- c. While dispatching cheques/payment instructions, the dispatcher will scrutinise them with a view to see that these have been duly signed and the alterations, if any, have been attested by full signature of the officer signing the cheques. He will also see that the cheque slips attached to the cheques drawn in favour of banks and treasuries have been signed by the same officer who signed the cheques.
- d. Ordinarily all cheques written out during the day will be dispatched on the same day. But if for some reason this cannot be done, the unissued cheques will be handed over to the AAO/SO (A) who will see that they are locked up in the safe by the Officer-in-Charge, Disbursement Section or any other gazetted officer in the office.
- e. The dispatcher will prepare memorandum daily showing the total number of cheques, etc., received by him, the number issued and the balance in hand. The AAO/SO (A) will check the number of cheques, etc., received by the dispatcher with the number as shown in the several Schedules-III and the number of cheques issued with the entries in the dispatch register and the balance in hand by actual count.
- f. The dispatcher will be personally responsible to see that -
  - i. Covers contain the cheques etc. and other documents to be dispatched with them;
  - ii. Covers are duly stamped, franked and securely closed;
  - iii. The envelopes are of sufficiently stout paper to render their contents invisible and that there is no entry on the outside to indicate that they contain cheques.

**4.10. Duplicate cheque slips to be sent to LAO or other CsDA/PCsDA:** To enable local audit officers to verify during the course of their inspections whether all cheques {except those drawn in favour of the State and the Reserve Banks of India, and the treasury offices with reference to Rule 300 (iv), Financial Regulations, Part (I)} issued to a unit or formation have been accounted for in the cash book, the duplicate copies of the cheques slips received from the audit sections with the bills will be sorted out according to the local audit officers or the CsDA/PCsDA concerned, if the unit or formation is located in the audit control of another CDA/PCDA, entered in the numbering book mentioned below and then forwarded to them in weekly batches. Before dispatch of these cheque slips, the date of issue of the cheques will be noted on them.

**4.11. Preparation of Schedule III and reconciliation statement between the total of DP sheet and Schedule III:** Reconciliation between Daily Payment Sheets and Schedule III Generated through OA will be done by the Officer-in-Charge, Disbursement Section. This should be done in accordance with Para 335 of OM II Vol. I.

4.11.1. In case of transactions through CMP of SBI, a record of the files uploaded for payment by the Bank will be maintained. The record will reflect the details of uploader and two authorisers in each case. The bank will render daily scrolls for showing status of the transactions for each file uploaded and the same need to be downloaded and reconciled by the Section on daily basis. Any discrepancy in this regard needs to be brought to the notice of the Bank and the Group Officer immediately. In respect of the rejected transactions, concerned audit sections will be asked to provide correct bank details of the beneficiaries within two working days. If the details cannot be provided to the bank in time, the returned Pay Order from the bank will be handed over to the concerned audit section on the same day of receipt of the pay order. Details of these pay orders and their payment at later stage should also be furnished to the Accounts Section on weekly basis.

4.11.2. In case of RTGS/NEFT/ECS payments through a nodal bank, cheque is issued to the Nodal Bank. The confirmation regarding credit as per MOU will be watched in D Section on Daily Basis. Rejections will be intimated to the Audit Sections and Accounts section for further corrective measures.

4.11.3. When a cheque is cancelled, the Audit Section concerned will intimate to Accounts Section, the month's account in which the adjustment is made. A note to this effect will be made in Schedule III against the particular entry by Accounts Section.

4.11.4. A spoiled cheque will be submitted to the Officer-in-Charge, Disbursement Section with the words "form destroyed" written against the item in Schedule III, the item itself being scored through. He will destroy the cheque and sign against the item.

4.11.5. Disbursement Section will prepare a report in prescribed format on E-payment made by the Organisation (including sub-offices) by 10<sup>th</sup> of the following month. The report will be sent to the HQ office on approval of the CDA/PCDA.

4.12. **Implementation of SBI-Cash Management Product (CMP):** SBI Cash Management Product (CMP) has been implemented by R&D Controllers. The salient features of CMP Process and Standard Operating Procedure for Accounting and reconciliation of transaction made through Cash Management Product is given as Annexure to Chapter 6 of this manual. The Role of Disbursement Section in this system is as under:

- a. The System will be implemented as stated in the MoU signed between R&D Controllers and SBI.
- b. The MoU is equally applicable to the concerned sub offices also.
- c. The DP Sheets alongwith bills indicating requisite fields required for authorising payments under CMP will be received separately from audit sections.
- d. The authorised officers (Uploader and Authorisers under CMP) will duly upload and authorize the payments in the format as per Annexure "A" to CMP annexed as Annexure "G" to Chapter 6 of this manual. The AO/SAO deployed in Sensitive sections will not be assigned as 'Authorisers' under the system.
- e. The requisite data as per Annexure A will be generated through OA Module.

- f. After effecting payments the debit scroll will be made available in the SBI Portal as per format "Annexure B" to CMP annexed as Annexure "G" to Chapter 6 of this manual.
- g. As per Para 10 of the SOP given by the HQ office, details of successful and unsuccessful transactions will be available in CMP Portal. These PDF files will be downloaded by authorized official of the D Section. Further action for reconciliation of payments, sending of copy of the same to Accounts Section for linking of Schedule III and reconciliation of compilation figures will also be taken. The details of rejected items shall be given to the Audit section concerned for further course of action as per Para 4.3.1 of the MOU within 10 days of authorising. On the 11<sup>th</sup> day the rejected item will be cancelled automatically and credited to Government Accounts.

4.12.1. As per Para 13 of the SOP, 'D' section will extract the rejected items which are not credited to the beneficiaries and forward the same to the Audit Section concerned as mentioned above. The Disbursement section will also maintain the register and watch the clearance of the Suspense Head 020/96 and will liaise with audit section and SBI-CMP Centre Mumbai towards the clearing of the suspense Head.

4.13 The Disbursement Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which is to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**Annexure 'A'****LIST OF REGISTERS – DISBURSEMENT SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Cash Assignment Register
6.	Register of fan-fold cheques pads and cheque books
7.	Register of initials of official employed in the section
8.	Instruction Order Register
9.	Master Note Book (MNB)

**Annexure 'B'****List of Reports & Returns – Disbursement Section**

<b>Sl. No.</b>	<b>Nature of Report &amp; Returns</b>	<b>Periodicity</b>	<b>Due Date</b>	<b>To whom sent</b>
1.	Weekly Report	Weekly	Last working day of each week	O&M
2.	Monthly leave statement	Monthly	5 <sup>th</sup> of the following month	AN-I
3.	Report on total No. of Cheque and amount in a month	Monthly	10 <sup>th</sup> of the following month	EDP

## Chapter – 5

### EDP SECTION

5.1. **Objective:** To achieve excellence in the field of information technology by adopting the latest technology is the main objective of this Section. The offices of CDA/PCDA (R&D) and respective sub-offices are provided with requisite hardware so that the work can be done using computers.

5.2. **Functions:** Under mentioned areas of work in the main office and sub offices of the organization of CDA/PCDA (R&D) have been computerized. Activities of data capture, processing and obtaining the output in the desired format are carried out through computers.

- a. General Administration of EDP Section
- b. Office Automation – maintenance and operation thereof
- c. Financial Compilation of expenditure and generation of reports
- d. Maintenance of General Provident Funds data of DRDO Civilians of the labs and establishment covered by PCDA(R&D), CDA(R&D) Bangalore and CDA(R&D) Hyderabad and generation of CCO9 by the PCDA (R&D), New Delhi centrally.
- e. Website update and maintenance
- f. Cyber Security

### 5.3. General Administration of EDP Section

5.3.1. **Budget Monitoring under IT Head (00/094/94) in respect of main office and sub offices:** Funds under IT head (00/094/94) are allotted by the CGDA Office. Then, the amount is distributed to Main Office and sub-offices as per the projected requirements and committed liabilities. The funds can be utilised for Information Technology related expenditure only which has further been categorised by the CGDA as under:

- a. AMC for computer/server/printer/DEM
- b. Computer stationery (including preprinted)
- c. Cartridges/floppies/Ribbons
- d. Books
- e. AMC for UPS
- f. AMC for Genset / fire fighting
- g. Miscellaneous
- h. Magazine Grant
- i. Antivirus

5.3.2. Procurement of Computers, servers, laptops etc. can be done only with prior sanction of the CGDA. For this purpose, separate funds are allotted by the HQ office. EDP Section is responsible to ensure timely and smooth expenditure of the funds in the organization including sub-offices. The expenditure must not exceed the allotment and any surplus should be surrendered to the HQ office in timely manner. The Section will send a consolidated monthly report to HQ office on expenditure under IT Head by 10<sup>th</sup> of the following month. Revised Budget Estimates for the current year as well as Budget Estimates for the next financial year are prepared on the basis of current and anticipated EDP requirements of the organization as a whole and submitted to the HQ office as per their instructions.

5.4. **Procurement and AMC of IT hardware/software:** The user submits the necessity of IT hardware/software and the sanction for the same is obtained from the competent authority after receipt of necessary allotment of funds. To keep the hardware

in working condition, the same is put under AMC immediately after the warranty for the same is expired. EDP Section will seek information on IT requirements of the Sub-offices and sections. Then, a consolidated proposal for procurement of IT equipments is prepared as per the norms/regulations determined by the HQ office. The proposal must reach the CGDA office by 31 August of the financial year.

**5.5. Condemnation of Obsolete IT Hardware:** The hardware which is declared obsolete/obsolescence is condemned as per the orders of Govt. of India. Normally the expected life of any computer system is 6-7 years depending upon the availability of spares. Department of Electronics have advised that it should be kept in mind that the servicing of machines at no time goes beyond 20-25 percent on an annual basis of the total cost of the machine. If the servicing cost goes beyond 22-25 percent, it will be desirable to replace the machine rather than retaining or servicing it.

**5.5.1 Preliminary Action for condemnation of Obsolete IT hardware**

- a. Ensure that the system is Beyond Economic Repair (BER).
- b. Try for replacement with buy back procedure.
- c. Ascertain from the vendor who is giving AMC support that the machine is beyond maintenance.
- d. Record the reasons for the machine to be declared as obsolete.

**5.5.2. Procedure to be followed to declare an item as obsolete:**

- a. Authority competent to purchase a store shall be competent to declare the store as obsolete/unserviceable.
- b. The items to be declared obsolete/unserviceable should be examined by a committee of not less than 3 members of whom one will be from Administration and one will be technical member having knowledge of the store. The third member should be a suitable and experienced officer nominated by Head of the Department at appropriate level by the authority competent to declare an item as obsolete/unserviceable and order their disposal.
- c. The committee should take into account the prescribed or stipulated life period of the items to be declared as obsolete/unserviceable.
- d. The condition of the item should be thoroughly examined to see whether the item could be put to further use.
- e. If no life period is prescribed on any item it must be ensured by the committee that the item is unserviceable due to normal wear and tear excessive use in public interest, etc.
- f. The reasons for declaring an item obsolete should be recorded.
- g. The report in this regard may be prepared as prescribed in Form 17 of GFR (Read with Rule 196 of GFR 2005).

**5.5.3. Procedure for disposal of Obsolete Hardware:**

- a. E-waste (Management and Handling) Rules 2011 issued by Ministry of Environment and Forest must be complied with.
- b. Disposal can be done either through Auction or through tendering action.
- c. The efforts should be made to complete the process under buy back at the time of procurement of new hardware.
- d. The contract should be given to the Highest Bidder (H1) to maximize the interest of the state.
- e. At the time of disposal of hardware, hard disk or any data storage device should be removed and must not be handed over to the bidder. These items should be destroyed completely within the office premises under supervision of the AAO or Officer-in-Charge of EDP Section.

## **5.6. Office Automation (OA) System**

**5.6.1. General:** The Office automation software has been developed using Client Server architecture using Window based Visual FoxPro. This was the first In-house Online system developed in the Defence Accounts Department. It includes various modules, viz. Record Section, Audit Section, Admin Section, Disbursement Section and Accounts Section. The system was designed taking into account the following parameters:

- a. Audit is carried out manually.
- b. Authentication of documents at various levels as laid down in Office Manuals is not disturbed.

### **5.6.1. Features of Office Automation System:**

- a. Effective online monitoring of disposal of bills is in-built in the system.
- b. Bills are received in Record Section.
- c. The processing of Bills on computer is controlled with the use of unique system generated Dak Id No.
- d. The data entry of documents relating to an auditor has to be done by the Auditor himself to ensure accountability and involvement.
- e. The volume of data entry has been kept very low.
- f. Issues of computerized cheques by Disbursement Section on the basis of data captured at the time of passing of bills. Payment through NEFT/CMP mode. However, in exceptional case where transfer of fund through NEFT/CMP mode is not possible, with the approval of competent authority cheques can be issued in the name of beneficiaries.
- g. Linking of paid cheques by Accounts Section using Cheque Linking Module.
- h. Punching Medium data is extracted from the data captured at the time of passing bills. This ensures correct booking of expenditure, which in turn, avoids the further transfer entries to rectify the expenditure.
- i. The extracted PM file is further used in compilation system for generation of sectional compilation and other All India Analysis Reports, etc.

### **5.6.2. Validation Checks in the OA System:**

- a. No Bill entry is possible without valid Dak-id No available in Record Section.
- b. Bill amount is verified with the amount entered by Record section at the time of diarizing of bills.
- c. In case, by mistake the amount at the time of diarizing of bills entered wrongly, the same can be modified by the authorized persons/system administrator. However, no modification is permissible after printing of Dak List by the R Section.
- d. Change of Unit Code and Codehead is not permissible after booking of the expenditure.
- e. In payment sections, PM and cheque slip amount can be updated/modified by the user auditor before generation of DP Sheet (Daily Payment Sheet). Any changes can be modified on the written request by the AAO/AO/SAO/GO of the concerned sections.
- f. Availability of funds in the concerned code heads to be checked.
- g. The entries in the cheque slip and PM cannot be edited once DV no. is allotted.
- h. Before passing of Bills, the signature of competent authority should be checked through Specimen Signature Module.

### **5.6.3. Functions of Office Automation System:**

#### **a. Records Section**

- i. All the documents received in the office are to be recorded.

- ii. The documents should be classified based on the nature of the documents.
  - iii. Section-wise /group-wise top list should be prepared in duplicate to get acknowledgement from the sections.
  - iv. In place of the registers maintained the copy of the top list is to be filed section wise and category wise.
  - v. Should be able to search for a particular document as to whether it is received and if so to which section it is sent.
  - vi. Able to generate report on the number of documents received during a particular period (day/week/month).
- b. Store Section- Contractors' bill**
- i. To help the Audit section in preparing the Punching Medium, Cheque Slip and Daily Payment Sheet in respect of bills received.
  - ii. To have a control over the receipt of bills and disposals.
  - iii. To have a quick reference as regards the DV Numbers, Cheque Number of the said bill.
  - iv. To generate MIS reports.
  - v. To pass on the required information to Disbursement Section for printing the Cheque.
- c. Accounts Section- Watching of expenditure against allotment**
- i. Ensuring availability of funds before allotting payments.
  - ii. Preparing the MER (Monthly Expenditure Report) monthly reports using the computer for all units/formations.
  - iii. Rendition of report to allotting authorities about the progress of expenditure.
  - iv. To facilitate the higher authorities to know at any moment the amount available against a code head by passing query.
  - v. To prepare a statement on codehead-wise booking for verification of the compiled actuals.
  - vi. Allowing the booking of bills until the last date of reports to ensure the expenditure statement up to date.
  - vii. Immediate clearance of bill booking and returning back to the audit sections.
  - viii. To report at the appropriate authorities about the provisional bills clearance/pending.
  - ix. Helping the authorities who are responsible for the preparation of Budget Estimates by providing the accurate figures of the previous year expenditure and the current years actual.
  - x. Analyzing the progress of expenditure and forecasting above the savings or shortage for early section.
- d. AN/Pay cum civilian Pay section**
- i. Capturing bill information for MIS
  - ii. Generate PM
  - iii. Generate Cheque slip
  - iv. Generate DP Sheet
- e. AN/Pay cum Transport Section**
- i. Capturing bill information for MIS
  - ii. Generate PM
  - iii. Generate Cheque slip
  - iv. Generate DP Sheet

**5.6.4. Modification in Office Automation Module:** It contains the following steps:-

- a. Requirement from the User
- b. Development / modification in the module
- c. Testing of changes carried out in the module

- d. Approval of competent authority
- e. Implementation

#### **5.6.5. Data Backup**

- a. Daily backup is to be kept respectively by Main Office and sub offices.
- b. Monthly backup of sub-offices is to be preserved at Main Office for safe custody.
- c. The data backup should be kept away from EDP Section in a fire proof safe/almirah.

#### **5.6.6. Data Integrity and Validation Checks**

- a. If a bill is deleted, the related information in PM Master and Cheque slip Master gets deleted and booked expenditure also reverted.
- b. In case of updating the bill related Master information gets updated.
- c. Any modification is not permissible after generation of DP Sheet. If anybody tries to change the amount, system will not allow changing the same, as it is being controlled using triggers.

#### **5.6.7. Security system**

- a. No individual can enter the section/module without a valid password.
- b. Users can be added/deleted only by the System Administrator.
- c. Sections cannot access each others' module/data.
- d. No deletion facility at the section level.
- e. Record once entered and saved, can only be modified by the system administrator.

#### **5.6.8. Operating Procedure for processing services/supplies bills under OA System.**

- a. The bills received from 'R' section will be task marked and passed on to concerned group/auditor.
- b. The bill will be audited by the concerned taskholder as prescribed in various codes/manuals/instructions.
- c. If bill is to be returned due to some valid reasons, the concerned taskholder invokes OA system and enters details of rejection and generates rejection memo. (The system has provision for online approval to be accorded by GO/JCDA/CDA before rejection is allowed by the system). Even if the rejection memo is prepared manually, even then, the disposal of the bill as rejected should be ensured in the OA System.
- d. If bill is to be passed for payment, the concerned taskholder invokes OA system and enters details of bills, invoice number and date, CRV/I-Note number, amount passed, code head to be booked, unit code, type of bill, amount passed, recoveries, if any, cheque amount.
- e. Availability of funds is checked at this stage by the concerned task holder by accessing allotment database maintained by 'Accounts section' and bill is booked, if funds are available otherwise bill is processed for taking orders of CDA for provisional payment such as Note number and date approving payment is also captures.
- f. Thereafter, bill is put up to AAO/AO/SAO for passing alongwith the updated contractor payment register.
- g. Once bill is passed for payment, PM and Cheque slip is generated by the task holder and put up for signature of the concerned officers. If the bill is not passed then return memo is generated using OA system and all previous entries are retracted.
- h. Allotment of DV numbers, consolidation of amounts and generation of DP sheet is done automatically by the system based on the details of passed bills available on the computers.

- i. Passed bills alongwith PM, CS, DP sheet is passed on to 'D' section for payment.

#### **5.6.10. Annual Stock Verification – Procedure for Hardware items**

- a. **Physical Verification of Fixed Assets:** The inventory for fixed assets shall ordinarily be maintained at site. Fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any, shall be promptly investigated and brought to account.
- b. **Procedure for Verification:**
  - i. Verification shall always be made in the presence of the officer, responsible for the custody of the inventory being verified.
  - ii. A certificate of verification along with the findings shall be recorded in the stock register.
  - iii. Discrepancies, including shortages, damages and unserviceable goods, if any, identified during verification, shall immediately be brought to the notice of the competent authority for taking appropriate action.

#### **5.6.11. Maintenance of Software purchased and developed in-house**

- a. **Software maintenance processes:** The implementation process contains software preparation and transition activities, such as the conception and creation of the maintenance plan; the preparation for handling problems identified during development; and the follow-up on product configuration management.
  - i. Software development is done by HQrs. Office and the same is implemented in different PCsDA/CsDA offices and their sub offices and the same is being maintained by concerned offices.
  - ii. The in-house maintenance includes problem identification and modification analysis process, which is executed once the application has become the responsibility of the maintenance group. The maintenance programmer must analyze each request, confirm it (by reproducing the situation) and check its validity, investigate it and propose a solution, document the request and the solution proposal, and finally, obtain all the required authorizations from the competent authority to apply the modifications.
  - iii. The process acceptance of the modification, by confirming the modified work with the individual who submitted the request in order to make sure the modification provided a solution, which is met out by the user group.
  - iv. The migration process is exceptional, and is not part of daily maintenance tasks. If the software must be ported to another platform without any change in functionality, this process will be used and a maintenance project team will be assigned to this task.

#### **5.7. Office Automation Administrator and Users**

- a. The Officer In-charge of EDP Section will be the System Administrator. She/he will monitor the utilisation of OA System, its modification, adaption to the user requirements, data security, safety of IT Hardware with restricted access and other functional aspects of the OA System.

- b. System Administrator can add, edit and delete the users and their default password. A register will be maintained in the Section for any changes in the list of users of OA System. It will also mention the rights/permissions given to each of the users.
- c. User can use the password only for the official duties assigned to him.
- d. The default OA password will be changed by the user on first use and the same should be changed by the user at least once in a fortnight. The responsibility for secrecy of the password lies on the user. The user is solely responsible for usage of the user id and password assigned to him/her and any violation of system security will attract disciplinary action under the CCS Conduct Rules 1964 (as amended).
- e. Changes in the OA database should be kept to minimum. However, the same can be done only with the written request from the Officer In-charge of the user section and the permission for changes by EDP section is to be approved by Officer-in-Charge, EDP.

## **5.8. Financial Compilation of Expenditure**

**5.8.1. Compilation of Accounts:** The financial compilation system of Defence Accounts Department is processed centrally at the EDP centre of the CGDA New Delhi. However, the CDA/PCDA (R&D) are responsible for compilation of accounts in respect of DRDO, including its various Labs and Establishments, through sub offices, functioning as DDP centre for compilation of accounts.

**5.8.2. Objectives:** The EDP centre of CDA/PCDA (R&D) is responsible for maintenance of Defence Budget in respect of DRDO Labs and Establishments, to ensure that all the receipts and expenditure has been accounted for timely and the expenditure does not exceed allotments.

**5.8.3. General Procedure for Financial Compilation in EDP Centre:** Punching Media (PM), in soft copy is received from each sub office of CDA/PCDA (R&D) on daily basis as per the list in Table 'A'. PM data in respect of Main Office is extracted from Office Automation Server for Class I vouchers. For Class-II, IV, V and VIII vouchers, (Table B) PMs are received in EDP for all sections of MO for manual punching. The various stages of work in DDP Centre so far as "Compilation of Accounts" is concerned are:

- a. Registration and preliminary check of punching media.
- b. Keying in and verification of data.
- c. Batch totaling.
- d. Closing of Punching Media Registers.
- e. Printing, checking and dispatch of the printed compilations.

**5.8.4. Input Output Group:** On receipt of hard copy of Punching Media in the form of IAF (CDA)-336 from various audit sections of Main Office and from offices to whom PM support is provided by the DDP Centre of CDA/PCDA (R&D), the details of Punching Media are entered in PM Register and Batches made for separate classes of vouchers for data entry. Batches are prepared as per batch control register. Proforma for batch control register is given at Table 'B'.

**5.8.4.1.** All causes of disagreement in the batches are checked with Punching Media. The amount of difference in unbalanced PM is transferred to code head 30/020/61, fictitious service head to 75/020/61 and fictitious RDR heads to 29/020/61 by the EDP centre. Before doing so, the earnest efforts should be taken by EDP Section to correct the errors in consultation with the concerned audit sections.

#### **5.8.5. Processing of PM data:**

- a. The batches of PM data are punched through 'Fincomp' program in Visual FoxPro. Three files viz. Mtrns.dbf, Respond.dbf and Suspense.dbf are created.
- b. An edit list of the punched data is prepared and checked with the hard copy of PM.
- c. Updating of errors is done through the 'Fincomp' program.
- d. A list of vouchers above Rupees Ten Lakh and above One Crore is generated for checking by AAO and SAO respectively.
- e. Office Automation data is extracted from the OA server.
- f. All files – OA data, manually punched and cleaned, and data received from Sub Offices through soft copies, are transferred to Compilation system and files are merged in a single mtrns.dbf file on weekly basis.
- g. Controls are generated and the files are forwarded to EDP centre of the CGDA on weekly basis. The details are to be sent on daily basis also for Project 'Darpan'.
- h. A separate list of all class VIII vouchers (DID-IAF (CDA)-338 A), is prepared from respond.dbf file on monthly basis and sent to Accounts Section for verification before sending the responding items file to CGDA EDP centre.
- i. A monthly data file is prepared after all checks, including duplicity and fictitious among others, before forwarding the data file to CGDA EDP centre for closing of monthly account.

**5.8.6. Printing of Printed Compilation:** Sectional Compilation is a compilation showing amounts, section-wise compiled to Service Heads and Revenue, Debt and Remittance Heads by the different sections. This report is printed on the basis of PM data forwarded to the CGDA and soft copy along with hard copy is forwarded to all sub offices and sections of Main Office.

**5.8.7. Printing of reports based on data received from the CGDA:** Transaction file and All India Progressive file (RDR) is received along with Opening balance closing balance file, Originated items file from the CGDA for PCDA (R&D) New Delhi and CsDA (R&D) Bangalore and Hyderabad.

**5.8.8. Reports generated:** The following reports are prepared on the basis of final PM data file and forwarded to Accounts Section, Fund Section, NPS section and House Keeping Section.

- a. Sectional Compilation
- b. Book Compilation for PCDA (R&D), CsDA (R&D) Bangalore and Hyderabad.
- c. All India Analysis
- d. All India Compilation
- e. Original Items
- f. Responding items
- g. DAD Cell Report
- h. Fund Head Report for PCDA (R&D), CsDA (R&D) Bangalore and Hyderabad.
- i. Defence Exchange Report
- j. Other Sections related reports as per requirement received from User sections.

Table -'A'

**List of Sub offices forwarding PM data to EDP centre of PCDA (R&D)**  
**CDA Code: PCDA (R&D) New Delhi-19, CDA (R&D) Bengaluru-24, CDA (R&D)**  
**Hyderabad-28**

S.NO	OFFICE NAME	SECTION CODE
1.	PCDA (R&D) New Delhi (Main Office) (Extracted from Office Automation System)	0001:0002:0003: 0005:1000:1001: 1800:2000:2002: 2006:2009:2600
2.	DCDA(R&D) Metcalfe House, Delhi	700 to 709
3.	JCDA(R&D) Pune (Functions as DDP centre to AO (R&D) Ahmednagar and Ambernath.)	1400
4.	JCDA(R&D) Balasore	1700 to 1708
5.	JCDA (R&D) Dehradun	1300 to 1309
6.	AO (R&D) Agra	2300 to 2309
7.	AO (R&D) Kanpur	2500 to 2504
8.	AO (R&D) Chandigarh	1600 to 1609
9.	AO (R&D) Ambernath	2400
10.	AO (R&D) Ahmednagar	2200
11.	AO(R&D) Jodhpur	2700

S.NO	OFFICE NAME	SECTION CODE
1.	CDA (R&D), Hyderabad	0005: 0101: 0102 0103: 0104: 0200 0600: 0700: 0701 0801: 0802: 0900 1000: 1400:
2.	NSTL, VISAKHAPATNAM	1100
3.	SHIP BUILDING CENTRE, VISAKHAPATNAM	1101
4.	DMDE, SECUNDERABAD	1200
5.	EMU, HYDERABAD	1300
6.	CCE (R&D) ESTATES, HYDERABAD	1500
7.	EMU, JAGDALPUR	1600
8.	EMU, NAGPUR	1700

S.NO	OFFICE NAME	SECTION CODE
1.	CDA (R&D), Bangalore	0001: 0003: 0004 0005: 0006: 0007 0200: 0600: 0800 1000
2.	AO (R&D), CVRDE, Avadi	1100
3.	AO (R&D), NPOL, Kochi	1200
4.	AO (R&D), DFRL, Mysore	1400

**Classes of vouchers and forms of Punching Media IAF (CDA) -336**

The different classes of vouchers and the code number allotted to them are enumerated below:-

<b>Sl. No</b>	<b>Type of Voucher</b>	<b>Code No</b>
1	Cash Voucher	1
2	Transfer Entry	2
3	Inter Departmental Schedules (civil)	3
4	Abstract of Receipt & Charges	4
5	Cash Accounts : General State of Accounts	5
6	Railway Bills	6
7	Defence Interdepartmental Schedules	8
8	MES Bills paid by Main office	9

**5.9. Fund Processing**

**5.9.1. General:** The EDP Centre of PCDA (R&D), New Delhi is responsible for maintenance of General Provident Fund Accounts of DRDO Civilians and Generation of CCO-9 for DRDO Subscribers. The EDP Centre of PCDA (R&D) is responsible for Printing of CCO-9 in respect of all DRDO Defence civilians. The Fund System is currently running in Visual FoxPro.

**5.9.2. Objectives:** Objectives of the Fund Processing are:

- a. Maintenance of All India GPF Master.
- b. Maintenance of Nominations Master and other subsidiary master for maintenance of GPF System.
- c. Processing of Data received from the DDP Centres and Main office of PCDA(R&D) New Delhi
- d. Forwarding of Rejected records for further cleaning of Data to DDP Centre and to our fund Cell.
- e. Timely issue of Annual GPF Account statements (CCO-9) to the subscribers
- f. Printing of All India Broad Sheets for all DDP Centre including Main office of PCDA(R&D), New Delhi
- g. Printing of Annual reports after closing of Accounts for review by Fund Cell.
  - (i) Final Payment Case with outstanding Balances.
  - (ii) Minus Balance Cases
  - (iii) Master Missing / Name Blank cases
  - (iv) No transactions Cases
  - (v) Zero Balance Case
  - (vi) Minor Balance Case
  - (vii) High Balance Case

**5.9.3. Functioning of the Fund System Module:****5.9.3.1. Creation of GPF Master:**

- a. GPF Master is created in Fund System Module on the admissions to Provident Fund by Fund Cell on the basis of applications received from the subscribers.
- b. Nomination Master is created for new admissions and for change of nomination proposed by fund on the basis of change of nominations request from subscribers.

**5.9.3.2. Transfer of Sectional Compilation data to Fund System:** The amount compiled under fund code-head in the Section Compilation is transferred to fund system.

The schedules received from Funds Section are punched on the basis of the already compiled data.

**5.9.3.3. Punching Schedules:** Fund schedules (including debit and credit) from Fund Cell, sub-offices and CsDA (R&D) are received on prescribed dates as finalized by Main Office of the PCDA (R&D), New Delhi. These schedules are punched online through GPF Master kept on the server through different validations checks. The validation checks are as under:

- a. The system does not allow entering of any data for which no GPF master is available on the Server.
- b. The duplicate data cannot be entered on the system for a subscriber for same month of transaction.
- c. The data is validated for different transaction codes as mentioned below. In case of any discrepancy, system does not allow entering the data.

Trans Code	Type of Transaction
2	Regular Transaction
4	Adjustments
5	Debit Transaction
6	Final Settlement cases
7	Manual Interest

- d. The system displays a warning message if subscription is more than Rs.75000/.
- e. The data is entered in system on the basis of compiled actuals.

**5.9.3.4. Generation of Reconciliation Listing:** Month wise Reconciliation listing is generated with respect to compiled actuals and DV's stored on the Data Server. The listing contains the details as given below. Any difference in amount is shown in column 13. Messages are shown in Remarks column where no DVs are compiled for punched data or shown wanting schedules if no schedule is punched.

Year	Month	Section	Unit	DV No.	Subscription Amount	Refund Amount	Interest Amount	Class of Vr.
1	2	3	4	5	6	7	8	9
Vr. No.	Amount Compiled	Interest Amount compiled		Difference Amount		Remarks		
10	00/015/01	00/004/01		11		12		

**5.9.3.5. Edit Listing:** The edit listing is generated for un-reconciled DV's from data punched manually and handed over to fund cell for updation. This process continues till cleaning of the final data. The data of one month should be cleaned by the end of the following month. A report in this regard is to be submitted to the JCDA/Additional CDA by 10<sup>th</sup> of the following month. For example, data for the salary month of July is entered in system in August and the same should be cleaned by September end and a report in this regard to be given by 10<sup>th</sup> October. However, the process needs to be expedited in the last quarter of the financial year so as to print CCO-9 by the first working day of the next financial year.

**5.9.3.6. Data Received from DDP Centres:** The clean data is being received from three DDP Centres situated at CsDA (R&D) Bengaluru, Hyderabad and Joint CDA (R&D) Pune on monthly basis. The data is restored on the Server. Controls are reconciled with respect to the received data viz. No. of Records, Subscription Amount and Refund Amount. In case of any discrepancy the same is intimated to the concerned DDP Controller.

5.9.3.7. **DDP Data Processing:** After reconciling the received data, the data is processed on the Server. The system keeps the data in rejections in case data is not validated on the criteria given at Para 5.9.3.3. The Data is validated for valid CDA Codes viz. 19 for PCDA (R&D), New Delhi and JCDA(R&D) Pashan Pune, 24 for CDA(R&D) Bangalore and 28 for CDA(R&D), Hyderabad. The rejections list is generated by the system and the same is forwarded to respective DDP Controller for further cleaning of data.

5.9.3.8. **Quarterly Review:** After uploading monthly data files received from DDP centers, rejected records are forwarded to concerned DDP centers for rectification. Subsequently, missing credit list is generated quarterly by EDP Centre for further review & reconciliation. During these reviews, generally, following types of errors are rectified:

- a. Master Missing Cases (GPF A/c No. cases)
- b. Transaction Codes
- c. Duplicate / Triplicate GPF A/c No. cases.

Suitable corrections are updated on the server:

- i. In case of Master Missing Cases, Master is created only on the basis of the authenticated records from DDP Controllers in case of transfer-in case. In case of new allotment, from the GPF account No. allotment Register, information is obtained.
- ii. Incorrect GPF Account Numbers which come to light are to be referred to the Concerned DDP Controllers and simultaneously placed under objection by the fund cell.
- iii. Duplicate /Triplicate items are rectified by proposing correct Pay bill month/correct GPF Account Numbers/Correct Transaction Code by the Fund Cell/DDP Controller.
- iv. By updating misc type of errors.

5.9.3.9. **Reconciliation of Amounts:** Amount punched by the EDP section is reconciled with reference to book compilation under Code Heads 00/015/01 for PCDA (R&D) and 19/015/01 for CsDA (R&D), Bangalore & Hyderabad respectively with respect to book compilation.

5.9.3.10. **Super Review:** The EDP Centre at the PCDA (R&D), New Delhi will conduct a Super Review, half yearly in Oct and March every year. Super review is conducted to ensure that the same Account Number is not operated by different CsDA (R&D) and that only numeric data is contained in numeric fields. Cases of this nature found during the review will be rejected and forwarded to the concerned CsDA (R&D) for verification. On receipt of the corrections proposed by Fund Cell / DDP Control the same is updated on Data Server.

5.9.3.11. **Printing of Annual GPF Statement (CCO-9):** CCO-09 is printed at the end of each financial year after compliance of the following:

- a. Cleaning of all data for the respective financial year containing credit schedules for and upto Feb and Debit schedules for March, yearly transaction file is generated by EDP centre after reconciling the amount with respect to the compiled actuals.
- b. On the basis of the corrections proposed for updation of various master like All India GPF master, Nomination Master, All India GPF master is updated for change in date of birth, change in names and Nominations Master is updated for change in nominations.
- c. Unit Code Master is updated for new units.

- d. Flag removal for non effective GPF accounts are updated on the All India GPF Master.
- e. Different validation checks are conducted to ensure the clean data before generation of CCO-9.
- f. The final figures are reconciled with respective Book compilation under Codehead 00/015/01.
- g. CCO-9 Statements are printed unit-wise in convenient volumes to control the proper dispatch work.
- h. Controls should be generated for the CCO-9 issued against the total number of subscribers. It should be sub-totaled unit-wise.
- i. Closing balances are generated for reconciling with the compiled figures.
- j. Opening balance is generated through programs.

**5.10. Processing of Data:** Data is processed after finalization of yearly transition file. The data is checked for valid Transaction Codes, Pay Bill month & Year duplicity, Master Missing cases, Centre Code validation. The list of rejected records is forwarded to Fund Cell for further updation. This process is repeated till final cleaning of data and final Rejections list records is handed over to Fund Cell for further correspondence with DDP Controllers. The rejections are recorded in objections register. The corrections are watched by Fund Cell for all DDP Centers.

- a. The interest is generated from the accepted clean data file of Para 6.2. The Data is processed on final Nominations and Unit Master.
- b. The Nominal Rolls are printed CDA wise / Unit wise / GPF Account No. wise for dispatching of CCO-9 to DRDO Labs / Establishments.
- c. Finally the CCO-9 are printed and handed over to Fund Cell.

#### **5.10.1. Troubleshooting for DDP Centres**

- a. Fund data should be in prescribed format. No blank records should be allowed.
- b. Transaction codes should be valid, i.e. proper transaction code should be used, i.e. 2 for credit, 5 for debit, 4 for adjustment, 6 for final settlement case and 7 for manual interest.
- c. There should not be any Minus sign entered in subscription/refund field in case of credits.
- d. Centre code should be entered correctly.
- e. Previous year transaction, i.e., debit/credit should be operated through transaction code 4 only.
- f. Data should be forwarded alongwith controls showing amount of debit/credit separately and number of records.
- g. Data should be forwarded in a single file to Main Office.
- h. Timely submission of correction to rejection to Main Office.

#### **5.11. Website update and maintenance**

**5.11.1. Objective:** The dynamic website of the organization is designed to promptly disseminate the information to various customers, viz. suppliers, employees, and other stakeholders in respect of the DRDO and its labs/establishments under jurisdiction of the organization. URL of the websites are <http://pcdarnd.gov.in>, <http://cdarndhyd.gov.in> and <http://cdarndblr.gov.in>.

**5.11.2. Functions:** On the website, updated details of bills, funds availability in respect of Labs/Establishments as well as suppliers are being displayed. The menu contains options like (i) Bill information-passed, pending and returned, (ii) Fund details, (iii) Generation of MER, (iv) Posting of Feedback/Grievances/Complaints etc. For that purpose a registration process has also been in place for the registration of Labs/Units

and Vendors/Suppliers. A warm response from Labs has already been obtained and they have been issued login-id and password promptly by this office.

The website caters to four types of clients/users namely:-

- a. Sub Offices
- b. DRDO Employees
- c. DRDO Suppliers
- d. DRDO Labs

**5.11.3. Sub Offices:** Sub offices can login through login screen and can see relevant letters/circulars uploaded by Main Office. ACDA/DCDA/JCDA/Addl. CDA-in-Charge of the sub offices will submit the weekly OA data to the Main Office for updation of the website. Monthly salary data in respect of DRDO employees will also be rendered to Main Office in prescribed format for uploading the same on the website.

**5.11.4. DRDO Employees:** Through 'My account', DRDO Employee may login through new user policy and obtain information about their claims i.e. Pay and Allowances, supplementary bills and GPF. GPF/PRAN No is mandatory for obtaining the information and opening of account.

**5.11.5. DRDO Suppliers:** In this portion general information regarding Local Purchase, Miscellaneous bills, Grants-in-aid Payments, LC will be provided. Suppliers can login in My Account through new user policy. Bank Account No of the supplier is mandatory.

**5.11.6. DRDO Labs:** In this portion information regarding DRDO Employees bills, useful forms, Monthly Expenditure Return (MER) and Misc. bills will be displayed. DRDO Labs can login through new user policy. Lab code is mandatory.

## **5.12. Policy Guideline for hosting and maintaining of Websites**

**5.12.1. Hosting of Websites:** The concerned PCDA/CDA approving the website will be fully responsible for the contents and security of the website. Controllers may develop websites in-house or outsource the services. Expenditure for design, development and maintenance of websites may be met from EDP Budget. Website will be hosted at NIC Server only. The "Guidelines for Indian Government Websites" provided by NIC are equally applicable to DAD to host and maintain the DAD websites.

### **5.12.2 Contents of Website**

- (i) Functions and objectives of the organization
- (ii) Name and address of the officers responsible for various items of work, organization chart, hierarchies, etc.
- (iii) Disclosures as required by RTI Act
- (iv) Rules/Regulations/Govt. orders on relevant subjects.
- (v) Standard forms of general applicability such as bill forms, PF Withdrawal forms, etc. for download.
- (vi) Facility for online submission of complaints and email.
- (vii) General information including status of complaints, etc.
- (viii) Any other information found necessary/important by concerned PCDA/CsDA.
- (ix) In case of any sensitive data of users such as pay and allowances of PBOR, Officers, payment of bills to be displayed, security clearance from Executives/Users/Army Security Agency should be taken in writing. In fact, the website may be developed in consultation with our customers/users so that the contents of the website can be informative and useful to them.

**5.12.3 Content Management System:** The different types of Users are Super Administrator, Publisher, Approver and Creator with the following privileges:

- a. **Super Administrator:** Group Officer EDP/Group Officer Admin will be the Super Administrator. He will have all the rights with respect to working of the website, i.e. addition, modification, deactivation of users. Any new content on the website should also be uploaded with his approval. EDP Section will maintain a register to record the regular changes and files uploaded under static content of the website.
- b. **Publisher:** Powers related to publishing any content will be controlled by Sr.AO/AO EDP. Publisher can view the contents and recommend the same for review or approve for publishing.
- c. **Approver:** He has the powers relating to approving the contents for publishing on website. It will be controlled by AAO EDP/Officer-in-Charge. The Approver has rights for only approval/approved/review.
- d. **Creator:** Responsibility for creator is divided in 2 tasks namely Task 1 and Task 2.

**Task1:** Task one will draft the contents on the website pertaining to dynamic portion like circulars, letters, important orders. Any changes in administration part contents will be drafted as and when received from sections for uploading on the website.

**Task 2:** Task two will look after the pay bills, GPF and any information related to bills. Information regarding pay bill/GPF will be from start date to termination date. Termination date will be 31<sup>st</sup> March of the following year. Information regarding GPF will be drafted in 1<sup>st</sup> week of the following month. Information regarding Pay bills related to DRDO Employees will be drafted on 1<sup>st</sup> working day of the following month. Information regarding other miscellaneous claims will be displayed from start date to termination date. Termination date will be 30 days after the start date, which will be placed in archive later.

### 5.13. **Cyber Security**

5.13.1. It contains the provisions of:-

- (i) Instructions for Cyber Security as per CGDA circulars (Annexure 'C').
- (ii) National Cyber Security Policy – 2013 (NCSP-2013)
- (iii) IT Act, 2005 and IT Amendment Act, 2008
- (iv) Password Policy
  - a) Create a long random password.
  - b) Never reuse a password for something you care about.
  - c) Never type a password you care about.

5.13.2. Instruction on Internet Usage

- (i) By time - Limit access to the Internet to the minimum
- (ii) By content – the internet should be used only for the official purposes.
- (iii) Windows Update regularly

5.13.3. Spam - Never reply to spam

5.13.4. Instruction to the System Users

- (i) Use a BIOS password
- (ii) Do not open the suspicious email attachments

5.13.5. Backups

- (i) Back up regularly. Back up to disk, tape or CD-ROM.
- (ii) Store at least one set of backups off-site and at least one set on-site.

5.13.6. Do not use unauthorized external storage devices, viz., pen drive, floppy, CDs, DVDs, data card, etc.

5.14 The EDP Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which is to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – EDP SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Instruction Order Register
6.	AMC payment register
7.	EDP consumables items register
8.	EDP complaint register
9.	Hardware items in/out register
10.	Dead Stock register
11.	EDP budget control register
12.	EDP library register
13.	Bank Guarantee register
14.	Library Books issue register
15.	Batch Making register
16.	Software Register

## List of Reports and Returns – EDP Section

Sl. No.	Nature of Report & Returns	Periodicity	Due Date	To whom sent
1.	Monthly EDP expenditure report	Monthly	15 <sup>th</sup> of the following month	CGDA
2.	Monthly EDP trained manpower Report	Monthly	10 <sup>th</sup> of the following month	CGDA
3.	Monthly E-payment report	Monthly	15 <sup>th</sup> of the following month	CGDA
4.	DDP report Sectional compilation	Monthly	5 <sup>th</sup> of the following month	All sub-offices & audit sections in Main office
5.	Report based on All India Compilation	Monthly	15 <sup>th</sup> of the following month	Accounts Section, Fund section, NPS cell, AN-II section
	Sectional Compilation			
	Book Compilation			
	All India Compilation			
	DAD cell report			
	All India Analysis			
	Responding items			
	Originating items			
	Fund head report			
	NPS compilation			
	Other reports			

## Instructions for Cyber Security as per CGDA circulars

### 1. Security aspects for Network connected to Internet

Network Administrator is an individual who performs monitoring, administration and provides technical support to network devices while Network Security Administrator does the same for network security devices.

The guidelines aim at providing secure and acceptable use of network connected to internet and for any exception Network Administrator/Network Security administrator shall take prior approval from his/her reporting authority.

#### 2. General Rules

- a) Client system authorized to connect to one network shall not be connected to any other network.
- b) NA shall maintain and regularly update a list of assets related to cyber resources.
- c) Network Security Administrator(s) shall configure and maintain the setting of Network Security Devices in the network while Network Administrator does the same for Network Devices.
- d) Access to network devices shall only be given to an authorized person.
- e) Access permissions to Network Services for each user-group(s) needs to be documented and reviewed on a regular basis by network Security Administrator.
- f) Public access server shall be hosted at Data centers maintained by GOI organization.
- g) Only public and private IP address ranges allocated by the competent authority shall be used, all other IP address shall be blocked.
- h) Clock of Network Device/Network Security Device shall be configured as per Time Synchronization Guidelines.
- i) User Accounts on the Network Device/Network Security Device shall be created only for authorized users as per functional requirements and shall be disabled/deleted otherwise.
- j) Valid software and maintenance support shall be ensured for Network Support and Network Security Devices.
- k) Both the client level and gateway level antivirus shall be ensured and must not be similar.

#### 3. Security Aspects for System Administrator:

System Administrator is an individual who performs system administration functions and provides technical support to the client system for ensuring their secure and acceptable use.

The guidelines aim at providing secure and acceptable use of client system by using the administrative privileges and are applicable to system administrators and users with administrative privileges on client system.

#### 4. Tasks and responsibilities of System Administrator:

- a) He is responsible for implementing the security controls in client machines.
- b) Activities specified in the "Security Guidelines of user" i.e. Circular 1 that require Administrative privileges, shall be carried out by him.
- c) He shall not attempt any unauthorized use of system/data/programs and shall be responsible for activities carried out on client system using the administrative account.
- d) He shall ensure that client system(s) authorized to connect to a network shall not connect to any other network.
- e) For client system(s) connected to wireless network, wireless network security guidelines shall be followed.
- f) Details for maintenance of the client system assets, i.e., hardware and software shall be issued by him.
- g) Only software authorized by department shall be installed using an authorized source with valid license.
- h) He shall report security incidents to the network security administrator.

- i) Client system clock shall be configured as per IST.
- j) Remote login for the client system shall be disabled and client system Security shall be implemented on the client system.
- k) User Accounts shall only be created on client system on functional requirements only and shall be disabled/deleted after the requirement exists no more.
- l) Logs shall be enabled and reviewed at regular intervals.

## CHAPTER – 6

### ACCOUNTS SECTION

6.1 **Objectives:** Objectives of Accounts Sections are as under:

- a. To provide accounting and financial information to executive authorities for the performance of their administrative functions.
- b. To provide timely and accurate figures to the Government for preparation of financial accounts of the Defence Services.

6.2 **Duties:** The work in Accounts Section may be broadly divided into the following categories:

- a. Preparation of schedules from Punching Media and supporting vouchers in respect of Remittance heads.
- b. Maintenance of Debt Head Registers (DHRs).
- c. Settlement of transactions under the Defence Proforma Accounting procedure.
- d. Reconciliation of the balances as per monthly statement of closing balances of RBI with the balances worked out in the books of the respective R & D Controllers.
- e. Watching clearance of the outstandings in respect of suspense heads under the Defence Proforma Account 'Remittance into Banks Treasuries', 'Cheques and Bills', 'Reserve Bank Suspense', 'Reserve bank Suspense unclassified' and the 'Remittance heads-Accounts with States etc'.
- f. Accounting and adjustment of transactions relating to the DAD receipts and expenditure.
- g. Processing of transactions relating to Exchange Accounts between CsDA/PCsDA.
- h. Preparation and submission of Budget Estimates for which DAD is responsible.
- i. Watching progress of expenditure against allotments in respect of locally controlled heads and rendition of monthly statements of expenditure to the budget controlling authorities and checking of budget estimates received from them.
- j. Appropriation Reports.
- k. Reviews of compilation.
- l. Preparation of Annual Review of Balances as per prescribed format on the basis of March Supplementary Accounts (14<sup>th</sup> accounts) and on finalization of accounts after March Manual Corrections (15<sup>th</sup> accounts).
- m. Preparation of Review of Balances in respect of Defence and the DAD.
- n. Preparation of annual statement of expenditure under Head "2049 Interest on other obligations".
- o. Reconciliation of payments made through Cash Management Product (CMP) of SBI with the schedule III received from the Disbursement Section.

6.2.1. **Preparation of Schedules from Punching Media And Supporting Vouchers in respect of Remittance Heads:** Compilation schedules (IAFA-725) should be prepared in duplicate by the Scheduling Group from the duplicate copies of Punching Media and supporting vouchers in respect of "Remittance Heads" received from various audit sections and should be handed over on daily basis to the group responsible for the issue of advice to the Central Accounts Section (CAS), RBI Nagpur

and maintenance of Settlement Account Register. At the end of each month, the total amount of the schedules handed over to the Settlement Account Group should be reconciled by the Scheduling group with the figures appearing in the printed compilation.

**6.2.2. Maintenance of Debt Head Registers (DHR):** The general rules under which amount are compiled under Debt heads are contained in Chapter 18 and 19 of Defence Account Code. Details of amounts compiled under the following debt heads will be recorded in the registers referred below:

- a. Deposits
  - i. Field Deposits (IAFA-525)
  - ii. Miscellaneous Deposits (IAFA- 525)
  - iii. Trust Interest Fund (IAFA-292)
  - iv. Unclaimed Deposits in the Provident Fund Accounts (IAFA-523)
  
- b. Advances
  - i. Permanent Advances (IAFA-197)
  - ii. Advances-Field Cashier's Account (IAFA-195)
  - iii. Advances-Adjustable in CDA's Office (IAFA-195)
  - iv. Other Advances-Repayable (IAFA-195)
  - v. Miscellaneous Advances (IAFA-195)
  - vi. Advances-Pay Accounts Office (IAFA-195)
  - vii. Special Advances (IAFA-195)
  
- c. Suspense Accounts
  - i. Credit and their clearance (IAFA-525)
  - ii. Debits and their clearance (IAFA-195)
  
- d. Loans and Advances by the Central Government
  - i. Loans to Local Funds, Private Parties etc. (IAFA-200)
    - a) Regimental and other loans-Defence.
    - b) Miscellaneous Loans and Advances to displaced personnel (IAF (CDA) 51)
  - ii. Loans to Government servants etc.
    - a) House Building Advances.
    - b) Advances for the purchase of Motor conveyances.
    - c) Advances for the purchase of other conveyances.
    - d) Advance for purchase of computers.

**6.2.3. Posting of Registers:** The registers will be posted with reference to the particulars in the disbursement vouchers, which are returned by Disbursement (D) Section to the audit section through Accounts Section, or in the case of transfer entries from the particulars noted in the office copy of the PM, or in the case of DID schedules from the particulars noted thereon and from supporting vouchers, if any. The Accounts Section will post the necessary entries direct into the registers concerned. The voucher numbers (both for original and adjusting items) should be quoted in the column for 'particulars' of the registers. Separate pages should be allotted in the registers for each section to facilitate agreement with the compiled actuals. If while posting the registers, a voucher is found to have been incorrectly classified by the audit section that section should immediately be informed so that the error may be set right by means of a transfer entry punching medium in the same month. Detailed instructions regarding the posting of these registers will be found in the printed forms themselves and in Volume II of OM Part II.

6.2.3.1. The postings in the registers will be made for each section separately and a summary will be prepared at end of the month showing the total figures under each head collectively for all sections. These will be agreed with the compiled actuals shown in the printed RDR heads compilation and will be initialed by the AAO/SO (A) after verification.

6.2.3.2. If in any particular case, there is a difference between the totals of the postings in the registers for any month and the total compiled actuals for the same month, the details of the compiled figures for the section affected should be called for at once by Accounts Section from EDP Centre concerned, and the difference is reconciled immediately. If a voucher is found to have been incorrectly compiled by EDP Centre, the audit section concerned should be asked, in consultation with EDP Centre, to rectify the error by means of a transfer entry (TE) punching medium in the following month's accounts. Errors, if any, affecting March Supplementary accounts should, however, be rectified (before the accounts for the year are closed) through the accounts for March (Supplementary) Corrections.

6.2.3.3. In opening each register, for each financial year, the balances outstanding in the previous year's register will be brought forward in detail after the previous year's accounts are finally closed and each item thus brought forward verified by the AAO/SO (A). Totals of the balances for the previous year must agree with the figures shown as outstanding under each head in the Review of Balances and will be initialed by the AAO/SO (A) as token of verification.

6.2.3.4. When a deposit is repaid, transferred or confiscated, the amount will be entered in the appropriate column against the relevant entry in the register, and the number and date of the voucher on which payment is made, the number and date of the I.D. Schedule through which payment is transferred or the number and month of the transfer entry (TE) in respect of confiscation, will be noted in the remarks column of the register. The total of the repayments, transfers and confiscations will be agreed with the amounts shown in compiled actuals and initialed by the AAO/SO (A).

6.2.3.5. At the close of the accounts of the year, the total credits and debits for the year, and the balances at the end of the year under each head will be agreed with the total credits, debits and balances as recorded in the OA System.

6.2.3.6. **Recovery of advances:** The recovery of an advance will commence from the first month's pay drawn after its receipt. The duty of effecting recoveries devolves primarily upon the audit sections concerned and taskholder as well as AAO/SO (A) of the Section will be held responsible if recoveries are not regularly made and compiled to the proper head. Accounts Section will bring to the notice of the audit sections monthly, as soon as the registers have been completely posted, all cases in which recoveries have not been regularly made.

6.2.3.7. **Calculation of interest:** On all interest-bearing advances, interest will be charged at the rate prevailing at the time such advances are taken and it will be calculated on the balances outstanding on the last day of the month. The amount of interest thus calculated will be recovered in one or more installments after the principal amount has been repaid; and the installments of interest should not be appreciably greater than the installments by which the principal amount was recovered. The balances outstanding on the last day of the month will be entered in red ink below the credit for the recovery made in each month. The amount recovered from

monthly salary should be taken as if recovered in the succeeding month for the purpose of determining the outstanding balance on the last day of the month. When an individual against whom an advance is outstanding is transferred to the payment of another Audit Office, the amount of interest due from him will be calculated by the audit section concerned and verified by Accounts Section before being noted on the last pay certificate (LPC) of the individual. The amount of interest noted on the LPC will also be noted in the register against the entry concerned. In this regard, Accounts Section will obtain acknowledgement of all balances outstanding on 31<sup>st</sup> March each year from all the individuals against whom advances are outstanding and noted in the remarks column of the registers against each entry.

**6.2.3.8. Suspense Accounts:** Receipts and payments which cannot be allocated to any head of account in the absence of full particulars or when the heads to which the transactions are likely to be adjusted are not known, will be compiled to the head 'Suspense Accounts' vide Para 244 of the Defence Accounts Code. In order to watch the clearance of the transactions under this head, two separate broadsheets, one for credits and their clearance and the other for debits and their clearance will be maintained on IAFA-525 and IAFA-195 respectively.

**6.2.3.9. Mortgage Bond Register (MBR):** When a charge for an advance for the purchase of a motor car, motorcycle or bicycle appears in the compilation, the Accounts Section will see if the mortgage bond, or other prescribed documents (including agreement forms in case of bicycle advance in respect of DAD Staff only) or declaration, in respect of the advance has been received and recorded in the MBR (IAFA-505). The concerned payment section will ensure the receipt of these documents at the time of release of the advances and within the stipulated period for each of the advances. In case of an advance for building a house, all original documents such as mortgage deeds, title to land/property etc. are to be obtained from the Government servant, who received the advance, by the Head of the Department who sanctioned the advance and are to be kept in safe custody by him. In case of personnel of Defence Accounts Department these documents, however, be recorded in Mortgage Bond Register (IAFA 505) and kept in safe custody of Accounts Section. (Please refer to Para 168 OM Pt II Vol I Edition 2001) of the Controller Office. In case of motor car or motor cycle advances, it will be seen that the conveyances are kept properly insured until the advances are fully liquidated. The information regarding the date up to which and the amount for which insured will be obtained by the audit section and communicated to Accounts Section for posting in the register. Accounts Section will remind the audit section in case the particulars of the renewal of the insurance policy are not received in item. As soon as an individual has fully repaid the advance granted to him with interest due thereon, the mortgage bond or other prescribed documents (including agreement forms in the case of bicycle advance in respect of DAD Staff only) or declaration will be returned to him/her and then necessary entries made in the register under the initials of the Officer-in-Charge of the section.

### **6.3. PROCEDURE REGARDING ADJUSTMENT OF TRANSACTIONS RELATING TO DEFENCE PROFORMA ACCOUNTS**

**6.3.1. General:** The transactions which are settled through the Defence Proforma Accounts are mainly of the nature specified below:

- a. Remittance into banks and treasuries on Military Receivable Orders (MRO).
- b. Remittance to Defence Services from banks and treasuries.
- c. Transactions originating in Defence Books which are adjustable against the balances of the Railways, Posts & Telecommunications, Ministry of External Affairs (MEA) and PAOs, DGS&D.

- d. Transactions originating in the Books of Railways, Posts & Telecommunications, MEA and DGS&D and due for final adjustment in the Defence Accounts.

**Note:** The general rules applicable to Defence Proforma Accounts and the detailed procedure regarding adjustment of transactions relating thereto are contained in Chapter 6 and 7 of Defence Account Code.

### **DEFENCE TRANSACTIONS AT BANK TREASURIES**

**6.3.2. Coverage Revised Scheme:** Under the scheme, the dealing bank branches will be linked, for the purpose of reporting, the newly designated Focal Point Branch (FPB) of the nominate bank functioning at the Centre where the Defence Accounting Circle is situated. The nominated public sector banks should therefore designate a branch as the FPB at the place where the concerned Defence Accounting Circle is located or nearest to such location. In selecting the branch, care will be taken to ensure that this branch is nearer to the place of office of the concerned Defence Accounting Circle so that unnecessary correspondence could be avoided and better rapport established. In case of Defence transactions, in view of the special cheque drawing powers enjoyed by their cheque Drawing Officers, the dealing branches will prepare the scrolls Defence Accounting Circle-wise and render the scrolls along with the supporting documents to the concerned FPB of the bank located in the respective Defence Accounting Circle Centre. In case of all transactions under SBI-CMP, Focal Point Branch is SBI, Navi Mumbai only.

**6.3.3. Dealing branches:** The dealing branches will continue to maintain the accounts of the Drawing & Disbursing Officers/Controllers of Defence Accounts and prepare daily payment and receipt scrolls in quadruplicate, separately for each account holder. Each day's scroll will be given a running serial number for the accounting year from 1<sup>st</sup> April to 31<sup>st</sup> March, separate serial numbers being given to scrolls of each account to facilitate detection of any omission in the submission of daily scrolls. These serial numbers on the scrolls will bear prefix Def (E) as the case may be for payments and Def (R) as the case may be for the receipts relating to Ministry of Defence. The serial number of the entry in the scroll will be recorded on the corresponding cheques/challans for purpose of identification. After the books of the branch have been balanced with reference to the total of the day's scrolls, two copies of the scrolls along with the relative challans/paid cheques will be sent by them to the designated focal point branch (and not to the Defence Accounting Circle) with a forwarding memo on a day-to-day basis. One copy of the scroll will be sent by them direct to the concerned DDO. The fourth copy of the scrolls will be retained by the branches for their record.

Following care will be taken by bank branches:

- a. To sort out the documents Defence Accounting Circle-wise.
- b. To prepare Defence Accounting Circle-wise scrolls.
- c. Transmit the scrolls to the FPB branch of the bank functioning at the centre where the Defence Accounting Circle to whom the transactions pertain is located.

### **6.3.4. Focal Point Branch (FPB)**

The Focal Point Branch Scheme introduced from 01.10.1993 is a revised system of reporting, settlement and reconciliation of transaction of non-Civil Ministries Viz- Defence, Railways and Post & Telecommunication.

The FPB, in addition to acting as a dealing branch, will be responsible for prompt and accurate accounting of the transactions reported to it daily by all the dealing branches linked to it. The functioning of the system has been elaborated vide the CGDA Circular No.A/III/13348/FPBs/XXIV, dated 31.08.2009 (Accounts important circular No.42 of 08/09- reflected in Appendix 6 of Defence Accounts Code).

#### **6.3.4.1. Submission of scrolls and documents to the Defence Accounting**

**Circles:** The FPB will receive from dealing branches linked to it, two copies of the scrolls along with paid cheques/challans, attached to the original scroll. It will separate the original and duplicate copies of the scrolls and subject them to careful scrutiny for accuracy. It will consolidate the transactions of the various dealing branches including its own and prepare Main Scroll in triplicate giving the totals of all accounts separately for which scrolls have been received from each branch. Two copies of the Main Scroll along with the original copy of the scroll and the relative instruments received from various dealing branches will be forwarded to the concerned Defence Accounting Circle on day-to-day basis. The duplicate copy of the scrolls without any instruments received from the dealing branches will be stitched and retained by the focal point branch for its record. Simultaneously, the aggregate of receipts and payments arrive at in the Main Scrolls will be incorporated in a daily memo and the same will be reported to its link cell at Nagpur on a day-to-day basis (GAD, Mumbai in the case of SBI). While furnishing the daily memo, the focal point branch should furnish a certificate to the effect that necessary scrolls, paid cheques/challans etc. have already been submitted to the concerned Defence Accounting Circles. The report may be sent electronically if the amount is Rs. two lakh and above. A 'nil' advice should be sent when there are no transactions to report. The Main scroll submitted to the Defence Accounting Circle as well as the memo/nil advice to the Link Cell should bear a serial number in consecutive order for a year from 1<sup>st</sup> April to 31<sup>st</sup> March. The Defence Accounting Circle, on receipt of copies of Main Scroll and supporting documents, will certify and return the duplicate copy of the Main Scroll within 24 hours to the focal point branch after verification. The Focal Point branch should keep a watch on the prompt receipt of the certified copy of the Main Scroll from the Defence Accounting Circle. The FPB should ensure that:

- a. The mistakes/discrepancies pointed out by the Defence Accounting Circle are rectified after proper verification through error scroll, where necessary, as per the prescribed procedure.
- b. Copies of the Main Scroll duly verified by the Defence Accounting Circle are kept on its record.

#### **6.3.4.2. Submission of Certificates in lieu of challans/paid cheques or duplicate copy of scrolls lost/misplaced in transit**

- a. Since the challans/paid cheques are important documents evidencing payments into/withdrawals from Govt. Accounts, utmost care needs to be exercised by dealing/focal point branch to ensure that no challans/paid cheques are lost/misplaced while handling the documents. However, in the event of loss/misplacement of documents during transit, the focal point branch should obtain the certificate in lieu of challans/paid cheques in prescribed format from the dealing branch and attach with scroll. The certificates should be serially numbered and the number is indicated against the entry in relevant scroll. The scroll of the dealing branch should not be included in the main scroll unless it is supported with such certificates.
- b. Similarly in the event of loss/misplacement of scroll alongwith documents during transit, FPB should obtain duplicate copy of the scroll alongwith certificates in lieu of challans/paid cheques and include them in the main scroll.
- c. If the lost/misplaced challans/paid cheques/scrolls are recovered subsequently, they should be sent to the Accounting Authority through a covering letter citing reference to the corresponding certificates/scrolls. The scroll/documents should be marked "for record and not for accounting" so as to avoid double accounting.

#### 6.3.4.3. Methodology to be followed for adjustment of wrong debits/credits:

The mistakes/discrepancies in scroll, resulting on account of erroneous entry of debit/credit, will be rectified by withdrawal of erroneous credit or debit by minus credit or minus debit, as the case may be, and not by passing contra debit/credit adjustments by the banks. The methodology for adjustments to be carried out through error scroll is illustrated hereunder:

- a. The FPB will incorporate the receipts and payments figures of the dealing branches, as they appear on the branch scroll viz. either minus or plus in the main scroll and the aggregate receipts and Payments figures, either minus or plus, arrived at in the main scroll should be reported to RBI, CAS for settlement.
- b. For the purpose of inter-branch settlement, the minus 'Receipt' may be treated as 'Payment' and the minus 'Payment' as 'Receipt' and the branch account may be debited and credited accordingly.
- c. When the overall receipt and payment transactions arrived at in the main scroll reveal a minus figure, they should be reported as such. However, for the purpose of inter-branch adjustments/settlements, the minus receipts and minus payment may be taken as payments and receipts respectively. An illustration of the minus adjustments is furnished below:

Illustration- A branch of a bank had effected receipt transactions of Rs.1,54,000/- and payment transactions of Rs. 2,60,000 on 5<sup>th</sup> March in respect of PAO 'B'. These transactions had been wrongly reported as 5,14,000 (R) and 6,20,000 (P). Corrections were carried out by the bank on 9<sup>th</sup> March. The receipt and payment transactions of PAO "B" at that branch on that date were Rs.48,00,000 (R) and Rs. 8,00,000 (P). Adjustment entries would appear in the scroll as under:

Particulars in the Error Scroll:

	Receipt (Rs.)	Payment (Rs.)
Correct transaction of 5th March	1,54,000	2,60,000
Withdrawal of wrong figures reported earlier	(-) 5,14,000	(-) 6,20,000

These minus figures will be adjusted in the day's scrolls (receipts or payments as the case may be) on 9<sup>th</sup> March as follows:

	Receipt (Rs.)	Payment (Rs.)
Total transactions of the day (as shown in the respective scrolls)	48,00,000	78,00,000
Adjustments of errors as shown in error scrolls	(-) 3,60,000	(-) 3,60,000
Amount after adjustment	(+) 44,40,000	(+) 74,40,000

**6.3.4.4. Submission of Date wise Monthly Statement (DMS):** The Focal point branch will also prepare in quintuplicate, the Date-wise Monthly Statement (DMS) and submit four copies thereof to the concerned Defence Accounting Circle for verification latest by 3<sup>rd</sup> of the following month, retaining the fifth copy as office copy. Two copies of the monthly statement will be returned by the Defence Accounting Circle duly verified to the FPB within 3 days of receipt thereof. Out of the two certified copies so received by the branch, one copy will be retained by the FPB and the other will be forwarded to its Link Cell at Nagpur so as to reach the latter by 10<sup>th</sup> of the following month. In case of SBI, however, the FPB will send one copy of the certified DMS to SBI, GAD, Mumbai by 10<sup>th</sup> of every succeeding month. The FPB will be responsible for reconciliation of accounts with the respective Defence Accounting Circle and settle any discrepancy pointed out by it. The adjustments on account of discrepancies/errors pointed out by the Defence Accounting Circle will be incorporated in a separate Error Scroll and reported to the concerned Defence Accounting Circle/Link Cell (or SBI, GAD, Mumbai) as the case may be, for accounting. Out of the two copies, original copy of DMS will be retained by the Defence Accounting Circle for its record and the duplicate copy duly verified sent to the Principal Accounts Officer so as to reach his office latest by 8<sup>th</sup> of the following month. As regards code number for FPBs, no separate code number is being allotted. The FPBs may use their respective inter-branch reconciliation (IBR) code numbers.

**6.3.4.5. Link Cell of accredited bank at Nagpur (other than SBI):** The Link Cell of a bank at Nagpur, on receipt of daily advices from the various FPBs, will decode them and send them as per daily memo to RBI, CAS, Nagpur who will settle the accounts and simultaneously generate daily statements. Two copies of the relative daily statements will be sent by RBI, CAS, Nagpur to Link Cell of the bank which will retain one copy and return the other copy duly verified. Link cell will maintain Defence Accounting Circle-wise records of transactions/adjustments made. Link Cell will verify the data in the statement, as furnished by CAS, Nagpur with reference to branch memos/advices. Discrepancies, if any, will be pointed out to CAS, Nagpur for rectification in the subsequent statement. CAS, Nagpur will also generate on behalf of link cells of the banks monthly statements, showing transactions Defence Accounting Circle-wise and date-wise as well as Defence Accounting Circle-wise and Bank-wise separately. Three copies of the Defence Accounting Circle-wise date-wise statement will be forwarded, to the Link Cell by CAS, Nagpur out of which one copy each of the statement will be furnished to the Defence Accounting Circle and the CGDA by the link cell by 5<sup>th</sup> of following month retaining the remaining copy for its record. As regards Defence Accounting Circle-wise and Bank wise statement, one copy of the statement will also be furnished to the link cell by CAS. Link Cell will also prepare separate statements for the adjustment of errors/discrepancies reported by the FPBs and furnish them to CAS, Nagpur for adjustments in the Defence Accounting Circle's Accounts. CAS, Nagpur will process them Defence Accounting Circle-wise and furnish two copies to Link Cell. One copy will be retained by it and the other will be returned to CAS, Nagpur duly verified.

**6.3.4.6. SBI, GAD, Mumbai:** On receipt of daily memoranda/telegrams in respect of transactions from various FPBs, the GAD, SBI Mumbai will consolidate the position and report the consolidated figures (receipts and payments separately) to RBI, CAS, Nagpur for eventual settlement. While reporting the consolidated figures to RBI, CAS, Nagpur SBI, GAD will also furnish a certificate to the effect that the relative scrolls, documents etc. have been submitted by its focal point branches to the concerned Defence Accounting Circles. SBI, GAD, Mumbai will also prepare 4 copies of Monthly Settlement Statement and forward 3 copies thereof to the RBI, CAS, Nagpur for verification before 5<sup>th</sup> of the succeeding month. RBI, CAS, Nagpur after verification of the monthly totals of receipts and payments settled with it will forward one copy to the CGDA, one copy to SBI, GAD and retain one copy for their record. SBI, GAD, Mumbai will also prepare 5

copies of Monthly Settlement Statement Defence Accounting Circle-wise furnishing dates of transactions and forward one copy each to the CGDA, RBI, CAS, Nagpur concerned Defence Accounting Circle and FPB and retain the fifth copy for their record. SBI, GAD, Mumbai will also prepare monthly settlement statement in duplicate and forward one copy thereof to the CGDA.

**6.3.4.7. March Residual Transactions:** The transactions relating to the Defence Accounting Circle reported by the FPB to the Reserve Bank of India, Central Accounts Section, Nagpur through the Link Cell SBI, GAD during the month of April may include transactions effected by the dealing branches in the month of March (or in exceptional cases earlier). The transactions pertaining to a financial year are required to be adjusted, to the extent possible, in the accounts of that year itself; as such, the transactions effected during the month of March should be expeditiously advised by the dealing branches to the FPB to enable the latter to report the same to CAS, RBI, Nagpur through the Link Cell SBI, GAD Mumbai. In particular, the transactions taking place from the 15<sup>th</sup> of March till the end of the month should be reported by the FPB to the link cell by fax/email. As regards residual March transactions which could not be reported to RBI during the concerned financial year, the FPB should segregate from 1<sup>st</sup> April all transactions pertaining to the previous financial year and prepare separate Main Scrolls for (a) the residual transactions effected at the branches in March or earlier (i.e. those effected from 1<sup>st</sup> April onwards). The main Scroll for March transactions prepared from 1st April to 25<sup>th</sup> April should be distinctly marked as March Residual-1. March Residual-2 and so on upto March Residual-25. The 'Focal Point' branch should report these transactions to the Link Cell/SBI, Mumbai in separate Daily Memo i.e., one for March and the other for April transactions. This procedure of reporting should continue up to and inclusive of 25<sup>th</sup> April; all transactions thereafter advised by the dealing branches will be reported in the usual manner and adjusted in the accounts of month of report at CAS, Nagpur. The same procedure should also be followed by the Link Cell SBI, GAD, Mumbai in reporting the transactions to CAS, RBI, Nagpur. The FPBs should also furnish two separate monthly statements, one pertaining to "March Accounts" clearly marked as such, covering transactions relating to the period up to 31st March but reported during 1st to 25<sup>th</sup> April and the other covering the April transactions (which may include transactions of the previous months reported after 25<sup>th</sup> April) as usual. The monthly statement pertaining to the "March Account" should be sent to the concerned Defence Accounts Circle latest by the 30<sup>th</sup> April. The statement relating to the month of April should be sent latest by the 3<sup>rd</sup> of the following month in the normal course.

**6.4. Reserve Bank of India Offices:** RBI Offices presently conducting the transactions of the Ministry of Defence will continue to handle the same in the usual way. The RBI Offices will follow the procedure applicable to the dealing branches and focal point branches as the offices will function both as 'dealing' branch and FPB in respect of those Defence Accounting Circles for which they are acting as bankers. Each branch of the Bank will act independently and render, accounts to the concerned Defence Accounting Circle. The transactions effected by them in respect of these Defence Accounting Circles will be accounted for them in their books and the balances in the accounts reported to CAS, Nagpur through 'Daily position report through fax/email. The branches will render daily scrolls etc. to the Defence Accounting Circle, submit date-wise Monthly statements to the Defence Accounting Circles for verification/certification and also attend to reconciliation work thereof.

**6.4.1. Central Accounts Section, RBI, Nagpur:** On receipt of reports from the Link Cell of banks (other than SBI), necessary adjustments will be carried out both in Government and bank accounts. Daily statement of transactions put through by them

will be generated. Two copies thereof will be furnished to Link Cell out of which one copy will be returned by the Link Cell duly verified. CAS will also generate monthly statements (1) Defence Accounting Circle-wise and date-wise (Annexure 'P') and (2) Defence Accounting Circle-wise and bank-wise (Annexure 'Q') monthly statement quadruplicate. Three copies will be sent by CAS, Nagpur to the Link Cell out of which one copy each will be sent by the latter to the CGDA, the Defence Accounting Circle and the remaining copy will be retained by the Link Cell for its record. The Defence Accounting Circle-wise and Bank-wise statement in form Annexure 'Q', will be prepared in triplicate and the original copy will be sent by the first week of the following month to the Defence Accounting Circle. The duplicate copy of the monthly statement in form Annexure 'Q' will be sent to the Link Cell. Since the procedure for receipt and processing of data relating to these transactions will be similar to the procedure followed by it for processing of data relating to other Govt. transactions, it will follow the same procedure for ascertaining accuracy of figures, receipt of advices from 'focal point branches' etc., in respect of Defence transactions also. RBI, CAS, Nagpur will send a Closing Balance Statement to each Defence Accounting Circle by 20th of the following month. In addition, a consolidated closing balance Statement giving the transactions Defence Accounting Circle-wise will be furnished to the CGDA by the end of the following month. SBI will furnish to CAS, Nagpur daily the Defence Accounting Circle-wise transaction statement. By the 5th of the following month, SBI will furnish to CAS, Nagpur Defence Accounting Circle-wise monthly statement of transactions to enable CAS, Nagpur to submit consolidated monthly statement of accounts to the CGDA.

**6.4.2. Allotment of code numbers:** CAS, Nagpur will advise code number of Defence Accounting Circles to the concerned banks.

**6.4.3. Defence Accounting Circles:** On receipt of two copies of Main Scroll together with the daily scrolls and relevant documents pertaining to various branches from the FPBs, the Defence Accounting Circle will verify the scrolls and the documents enclosed therewith and return within 24 hours the duplicate copy of the Main Scroll, duly certified to the FPB. It will also verify the DMS received from the FPB and return within three days, two copies of the statement, duly certified, to the FPB. It will retain one copy for its record and forward one' certified copy to the Principal Accounts Officer so as to reach him latest by 8th of the following month. The Defence Accounting Circle should ensure that all errors and discrepancies noticed in scrolls and DMS are pointed out to the focal point branch and got rectified by personal contact before certification. Under no circumstances there should be any unilateral correction or deletion of the figures in the scrolls and DMS. The scrolls alongwith original documents pertaining to other Ministries/Departments wrongly received by it will be returned to the concerned focal point branch for re-transmission to relevant Ministry/Department. The Defence Accounting Circle will also receive from the Link Cell/SBI, GAD, Mumbai, Defence Accounting Circle wise statement of put through transactions and statement of adjustments put through by CAS, Nagpur for its verification and record. On receipt of these statements, the transactions should be compared with those appearing in the DMS for the month and a detailed reconciliation statement drawn up. The errors/discrepancies should be promptly brought to the notice of the FPB. If any discrepancy is detected, the same should be got settled by personal contact. A watch should be kept to ensure that the errors etc. are set right within the same month.

**6.4.4. Rectification of misclassifications noticed by Defence Accounting Circle (DAC):** In the revised scheme of reporting and accounting the chances of transactions relating to other Circles/Departments being included in the scrolls are rare. However, if any transaction pertaining to other DAC and/or other Departments such as Civil, Railways, Posts and Telecom is noticed, the DAC will ask the Focal Point branch to withdraw the same and pass them on to the concerned FPB (for reporting to the correct

Accounting Circle/Department) through the dealing branch, if necessary. The amount of such transactions, if already advised to Link Cell/SBI, GAD, Mumbai shall also be got rectified by the FPB. The Defence Accounting Circle will advise the concerned FPB to take up with the dealing branch (es) concerned not to commit such mistakes. In case of repetition of the above mistake by the dealing branch (es), the matter may be reported to the Head Office of the concerned public sector bank or the GAD, SBI, Mumbai, as the case may be, for taking remedial action.

**6.4.5. Reconciliation:** The reconciliation work will be done in two parts:

- a. First part will be reconciliation between the accounts rendered by the dealing branches to FPBs. This will be the responsibility of the concerned FPB.
- b. Second part will be reconciliation from the level of FPB onwards right upto the stage of transactions put through. This will be the responsibility of Defence Accounting Circle and the Focal Point Branch concerned.

**6.4.6. Principal Accounts Officer - CGDA:** The clearance of amounts from RBI Suspense unclassified Heads will be watched and monitored by the Principal Accounts Officer viz. the CGDA.

**6.5. DEFENCE TRANSACTIONS AT NON-BANK TREASURIES:** Defence transactions taking place in Non-Bank Treasuries will be incorporated in the Treasury Accounts and accounted for in the settlement Accounts of the Civil Accountants General concerned which will be the medium of settlement of book adjustment transactions also. For Defence Transactions at Non-Bank Treasuries and payments made by Bank Treasuries through the intervention of the Treasury Officer (e.g. payment of Pension to Defence Pensioners) the paid vouchers and MROs etc. along with Schedule of Payments (in duplicate) and schedule of Receipts (in duplicate) will be sent by the Treasuries direct to the Controller of Defence Accounts concerned bi-monthly on the 11th and 1st of the following month, copies of such schedules being also sent to the respective Civil Accountants General. The Schedule of Payments and Receipts will bear separate consecutive series for each CDA. These schedules will be received in Accounts Section and entered in the manuscript Register maintained for each Treasury as per proforma given in Annexure 'C' to Chapter 6 of Defence Account Code. The total of this Register will be agreed with the total depicted in the Inward Monthly Settlement Accounts of the Accountant General concerned. CDA/PCDA will send one of the copies of the aforesaid schedules (without vouchers etc.) duly countersigned, to the Civil Accountants General to enable him to verify subsequently the correctness of the original Schedules sent to him direct by the Treasury.

**6.5.1. REMITTANCES INTO BANKS AND TREASURIES ON MROs:** Cash tendered by an officer of the Defence Services on Bank/ Non- Bank treasury shall be accompanied by a Military Receivable Order in triplicate. The original duly receipted will be delivered to the tenderer and duplicate copy sent to the CDA concerned by the Bank/ Treasury Officer through Focal Point Branch and triplicate copy will also be returned to depositor. The MRO is having the 17 digit MIN (MROs Identification Number). Refer to HQ letter No. A/III/12157/MRO/PC-II dated 23/05/2012. The duplicate copies of MROs will be received in the Accounts Section along with Credit Scrolls/Schedule of Receipts from Banks/Treasuries. These will be scrutinised to see that they pertain to the particular office. Wanting MROs will be called for from Banks/Treasuries concerned. Details of each MRO will be recorded in the Register of MROs maintained for the purpose state-wise/Accountants General wise as per specimen given in Annexure 'A' to Chapter 7 of

Defence Account Code. Separate folios will be allotted for each Bank/Treasury. Totals in the register will be agreed with the totals in the respective Credit Scroll/Schedule of Receipts. Duplicate copies of MROs received from Banks/Treasuries will be adjusted in Accounts Section by debiting the Head "Reserve Bank Deposits-Defence" and crediting the Suspense Head "Remittance into banks and Treasuries". The month of adjustment will be recorded in the appropriate column of the Register referred to above. Total of the duplicate MROs adjusted will be reconciled at the end of the month with the credits appearing under the Head "Remittances into Banks/Treasuries" in the RDR Heads Printed Compilation. Original copies of MROs (sent by the depositors) will be received in the Audit Sections and adjusted by them debiting the Suspense head "Remittance into banks/Treasuries" and crediting the Service Heads etc. There may be following situations while adjusting the MROs:

- a. If the amount deposited through MRO is a receipt to the Government by various means like interest on deposits/advances, sale of scrap, rent, license fees, issue of stores to civil ministries etc. the receipt service heads (851-854/00 in case of DRDO) will be credited as Plus Receipts.
- b. In case the amount deposited is not a revenue but refund/adjustment of advances or deposit of surplus stores etc. the same will be accounted for under concerned Expenditure Service Heads as Minus Charge.

The original copies of MROs will, after adjustment be passed on to Accounts Section alongwith a statement of MROs adjusted separately in respect of each Bank Treasury. The fact of adjustment of original copies of MROs will thereafter be recorded in the appropriate columns 9 and 10 of the Register of MROs referred to above and their totals agreed with printed compilation. If entries exist in columns 6 to 10 of the Register against each MRO, the items will be treated as "Linked and Paired" and endorsed as such in the Remarks Column. Summary of the Register prepared at the end of each month will show the amount credited to the Suspense Head "Remittance into Banks/Treasuries" (as recorded in column 6 of the Register) and the amount debited to that suspense Head (as recorded in column 10 of the Register) as also the balance remaining outstanding under the above Suspense Head.

**Note 1:** SO (A)/AAO will exercise test check over the posting of the duplicate MROs in the MRO Register and linking of duplicate MROs with the corresponding entries in that Registers done by the task holders to the extent of 5 percent to ensure correctness thereof. He will also exercise an intelligent scrutiny over the Debit and Credit summary prepared at the end of each month for the purpose of reconciliation against the compiled actuals of the respective Sections.

In cases where original copies of MROs have been received and adjusted but corresponding duplicate MROs have not been received, the matter regarding non-receipt of the duplicate copies will be taken up with the Banks/Non-Bank Treasuries by Accounts Section and pursued to finality. In the event of any bank/Non-Bank Treasury denying the deposit of the amount, the case will be referred to the Audit Section concerned which will be responsible for further investigation and its final clearance, in communication with the parties concerned. Similarly a list of items remaining unlinked at the end of each quarter will be extracted to the Audit Sections concerned duly supported by copies of duplicate MROs for further action. With reference thereto, the Audit Section will intimate the Accounts Section the month's account in which the original MROs received by that Section are adjusted. In case the original MROs are stated to have been lost/not received, necessary adjustment will be carried out by the Audit Section with reference to the duplicate copies thereof received by Accounts Section from the Bank/Treasuries with approval of the Officer-in-Charge of the concerned Audit Section in each case.

**6.5.2. REMITTANCES TO DEFENCE SERVICES FROM BANKS AND TREASURIES**  
**i.e. CHEQUES DRAWN ON BANKS AND TREASURIES:** When a cheque is drawn, a Punching Medium will be prepared by the Audit Section by crediting the Suspense Head

"Cheques and Bills" and debiting the relevant service head etc. In case of payment made through CMP of SBI, 93/020/91 will be credited while the relevant service heads will be debited. The Daily Payment (DP) Sheets and Schedule III will be sent to Accounts Section by the Disbursement Section and sub Offices authorised, to issue cheques, on daily bases. Schedule III in respect of cheques drawn against Cash Assignment will be forwarded by the Lab/Establishments concerned once a month to the Accounts Section of the Controller's Office. The DP Sheets will be checked to see that the totals agree with the corresponding totals of Schedule III and difference, if any, noticed will be rectified in consultation with the Audit Sections concerned. To facilitate linking of paid cheques with Schedule III, a distinguishing mark of the section issuing the cheque will be made on the cheque by the "Disbursement Section" at the time of issue. Schedule III will be recorded Section-wise/Office-wise and date-wise and will form the basis for linking with the paid cheques. In case of CMP, the SOP given by the CGDA vide letter No. A/III/12157/CMP/2013-14, dated 17.04.2013 (enclosed as Annexure to this chapter). Paid cheques along with debit scrolls/Schedules of Payments will be received in Accounts Section daily/bi-monthly from the Banks/Treasuries. These will be scrutinised to see that they pertain to the particular office only. Wanting paid cheques will be called for from the banks/treasuries concerned. The paid cheques will be sorted out Office-wise and date-wise and paired with the corresponding entry in Schedule III. While pairing, not only the entries relating to cheque number and amount should be compared, but also the other entries viz. name of payee, station etc. should be verified. Suitable note of the completion of linking will be made with the encagements 'Linked and Paired' on both the Schedule III against the relevant entry and the paid cheques under the dated initials of the cheque linking taskholder. Accounts Section will prepare Punching Media state-wise/A.G. wise at the end of the month debiting the Suspense head 'Cheques and Bills' by contra credit to the Head 'Reserve bank deposits-Defence'. On receipt of printed RDR compilation from EDP Centre, the total amount credited/debited to the Suspense Head 'Cheques and Bills' will be reconciled with those appearing in the Schedule III/the sum total of the paid cheques received and cancelled during the month respectively. Thus the total amount of the unlinked cheques will be reconciled with the outstandings under 'Cheques and Bills' as per printed compilation.

**Note:** The amount outstanding under the Head 'Cheque and Bills' will be reviewed and reconciled every month at the time of effecting the above agreement with the compiled actuals.

Cheques lapse at the end of validity period i.e. Cheque shall be payable at any time within a period of three months from the date of issue; thus a cheque bearing the 20<sup>th</sup> January is payable at any time upto the 19<sup>th</sup> April. (Auth- F. No. 3(4)/2012/TA/262 dated 10/05/2013, GOI, MoF, Dept of Exp Controller General of Accounts, New Delhi). Particulars of cheques (sent to banks) remaining unlinked in Schedule III for more than three months will be extracted and referred to the banks concerned (with copy to Audit Section) enquiring from them the disposal of the paid cheques alongwith debit scroll. If the result of the reference reveals that further action is devolved on the part of the Audit Section concerned (viz. non-receipt of cheques by the bank etc.) or the cheques have been issued to particular individual or parties for encashment etc. and a reference has to be made to the beneficiary of the cheque, such cases may be extracted to Audit Sections concerned. With reference to the lists of unlinked cheques received from the Accounts Section, the Audit Section should require the payee either to return the time-expired cheque or explain the cause for its non-return.

**Note:** When a cheque is cancelled and a fresh cheque is issued in lieu on IFA CDA-13, the amounts will be adjusted by credit to the Head 'Cheques and Bills' for the cheque drawn and debit (minus credit) to the Head 'Cheques and Bills' which was credited at the

time the cancelled cheque was drawn. When a cheque is cancelled and no fresh cheque is issued in lieu, the amount will be adjusted by debiting (minus credit) the Head 'Cheques and Bills' the relevant head affected being credited in the usual manner in the account of the month in which the cheque is cancelled.

6.6. **ISSUE OF NON-PAYMENT CERTIFICATE (NPC):** On receipt of a request for issue of a fresh cheque in lieu of a cheque (payable at Banks) alleged to have been lost, the drawing officer should send an intimation to the Bank regarding the alleged loss of cheque and advise it to stop payment, if the cheque alleged to have been lost is presented thereafter. A written confirmation about the bank having recorded the "Stop Order" should also be obtained from it. However in cases where the currency of the cheque alleged to have been lost has already expired, at the time when the request for recording the "Stop Order" by the Bank is made, no acknowledgement of the "Stop Order" by the Bank other than a postal acknowledgement due is necessary.

**Note:** The certificate of non-payment prescribed in sub Rule (1) of Rule 165 Central Treasury Rules Volume-I should be obtained from the Treasury Officer. For other disbursing officers like Pay and Accounts set-up under the scheme of separation of Accounts from Audit who would give the certificate after a search through the list of cheques paid as provided for in sub-Rule (2) thereof.

The party requesting for a fresh cheque in lieu of lost one should execute an Indemnity Bond in the prescribed form. However in the case of Government Department or Bank, the execution of an Indemnity Bond is not necessary. But a fresh cheque should be issued in its favour only on receipt of a certificate stating that it has not received the cheque alleged to have been lost or having received it, it has been lost and that it will be returned to the drawer if found later. The Audit Section and the Assignment Holder etc., on receipt of the acknowledgement from the bank for the stop order, will intimate the Accounts Section the date on which the Bank has acknowledged the 'Stop Order'. On receipt of intimation of the loss of cheque together with the date of acknowledgement of 'Stop Order' by the Bank, an entry thereof will be made by the Accounts Section in a Register of No Payment Certificate (NPC) maintained for the purpose, under the dated initials of the AAO/SO (A). Accounts Section will verify from Schedule III whether the entries relating to the cheque in question remain unlinked for want of paid cheque. If the cheque is found linked therein, the relevant paid cheque will be verified and the Audit Section informed accordingly for further action and investigation. In case the cheque is found unlinked in Schedule III Scroll Register, the relevant scrolls and other records for the period from the date of issue of cheque to the date of noting the 'Stop Order' by the bank (in the case of current cheques) and for three months excluding the month of issue of cheque (in the case of lapsed cheques) will be verified with a view to ensuring that the paid cheque has not been received. AAO/SO (A) will carry out cent percent check of the relevant records to ensure that the paid cheque has not, in fact, been received. In case any scroll is wanting as could be verified from the continuity of serial number of the scrolls, the same will be called for from the Bank and verified before issue of Non-payment certificate. After it is ensure that the cheque reported as lost has not been received from the Bank duly paid, the No payment certificate will be issued under the signature of the Officer-in-Charge and a note to this effect kept in Schedule III and No-Payment Certificate Register.

**Note:** In cases where the cheques issued by the Executive Authorities against the Cash Assignment placed at their disposal by the Controllers are lost and parties concerned insist on the issue of fresh cheques, such cheques may be issued by the Main office direct on receipt of Non-Payment certificate from Accounts Section and acceptance of Indemnity Bond wherever necessary by the DAD Officers.

**6.7. TRANSACTIONS ORIGINATING IN DEFENCE BOOKS WHICH ARE ADJUSTABLE AGAINST BALANCES OF CENTRAL (CIVIL), RAILWAYS, STATE GOVERNMENTS, POSTS & TELECOM**

- a. On receipt of the relevant documents to support a debit/credit to be passed on to Railways/P&T Accounts Offices, PAOs of Department of Supply New Delhi/Kolkata/Mumbai/Chennai, and Chief Controller of Accounts, Ministry of External Affairs in relation to transactions accounts of Defence Attaches in Foreign Missions and Defence Pensions paid in Nepal, the Audit Section concerned will adjust the transaction by debit/credit to the relevant minor Head under "U-Remittances-Accounts with States etc. and forward the vouchers to Accounts Section along with duplicate copy of Punching Medium. With reference to the details furnished by Audit Section along with copies of Punching Media, Accounts Section will prepare separate Accountant- General-wise/Accounts Officer-wise Schedule (in Form IAFA-725), showing amount debited/credited to the "Remittances Head-Accounts with states etc". These schedules will be serially numbered for each State/Office for each month. The serial number of schedules will be noted against the particular entries in the "Outward Settlement Account Register" of the Railways/Posts and Telecom Accounts Officers, PAOs of Department of Supply New Delhi/Kolkata/Mumbai/Chennai and CCA, MEA concerned which will be maintained as per proforma given in Annexure 'B' of Chapter 7 of Defence Account Code.
- b. At periodical intervals, on the 10th, 20th and at the end of the month, separate advices will be issued to the RBI, CAS Nagpur in the Form given in Annexure 'D' to Chapter 6 of Defence Accounts Code, intimating the net amount due to or from the Post and Telecom/Railways/PAOs of Department of Supply New Delhi/Kolkata/Mumbai/Chennai concerned for effecting necessary monetary settlement. A copy of this advice will be sent at the same time to the Accounts Officer concerned along with the necessary vouchers.
- c. At the end of each month, a monthly account called 'Settlement Account' showing the aggregate position of the advises issued during the month will be sent to the Accounts Officer concerned in the form at Annexure 'E' to Chapter 6 of Defence Account Code, after effecting an agreement of the total amount with the compiled actuals. On receipt of clearance memo from the Central Accounts Section intimating adjustment the accounts as per advice, Accounts Section will carry out necessary adjustment transferring the amount from the 'Remittance Head-Accounts with States etc.' to the Head 'Reserve bank Deposits-Defence'. The clearance from the 'Remittance head' will be effected by minus debit or minus credit as the case may be. It should be watched that there is no delay in the receipt of clearance memo from the bank. the clearance memo from the RBI as well as the punching Medium number and month in which the adjustment has been carried out will be noted in the "Outward Settlement Account Register". The relevant portion of the clearance memo meant for use in Defence Accounts Offices will simultaneously be completed. The outstanding advises for which the Reserve Bank clearance memo has not been received will be checked monthly and the Reserve Bank of India, Central Accounts Section, addressed for the wanting clearance memo.
- d. The settlements of the other Departments/Ministries including transactions with State Governments will be on monetary settlement by issue of cheques/ Bank Drafts. The State Government/Central Govt., which received the supplies/services will make the payment by cheque/ bank Draft drawn in favour of the office

concerned of the supplying Govt., in settlement of the claim. On receipt of the cheque/ Bank Draft from the supplied Govt., the same will be entered in the outward claim register as per the proforma given in Defence Accounts Code against the relevant Debit and remitted to the Bank along with the Military Receivable Order showing the particulars of the Head of Account for credit to the Govt. On receipt of the MRO the same will be adjusted by debiting the Suspense Head "Remittance in to Bank and Treasuries" and crediting by minus Debit to the Head "PAO/AG Suspense". The details of Punching Media through which the adjustment has been carried out will be noted in the outward settlement Account Register.

**6.8. TRANSACTIONS ORIGINATING IN THE BOOKS OF STATE GOVERNMENTS (CENTRAL) (CIVIL)/RAILWAYS/POSTS & TELECOM/PAOs DEPARTMENT OF SUPPLY NEW DELHI/ KOLKATA/ MUMBAI/ CHENNAI AND DUE FOR FINAL ADJUSTMENT IN THE DEFENCE ACCOUNTS.**

- a. Vouchers and Accounts etc. will be received in Accounts Section periodically from the Railway/P&T/PAOs of Department of Supply/CCA, MEA. These will be entered in the "Inward Settlement Account Register" of the A.G./Railways/Post and Telecom Accounts Officer concerned, showing the serial Number of the Advices, the distinctive numbers of schedules accompanying the particular advice, the total amount of advice separately for credit and debit items. Specimen of the Register is given in Annexure 'C' to Chapter 7 of Defence Account Code. This Register will also provide for items held under objection which will be entered into after due scrutiny and action will be taken to call for the necessary particulars/vouchers from the Accounts Officers concerned.
- b. The Accounts Section will schedule the relevant items in duplicate in IAF (CDA) 338 B to the Audit Section concerned who will enter the same in the Register of Civil I.D. Schedule (prescribed in part II of this manual) to exercise watch over the receipt and adjustment of the schedules. These schedules should be adjusted by the Audit Section within 3 days of their receipt.
- c. The Audit Sections, after audit of the Debits/Credits scheduled to them, will adjust the transaction by debiting/crediting the Head "Reserve bank Suspense" by contra adjustment-to the service head concerned. The Punching Medium will be sent as usual to the EDP Centre and the duplicate copy of the I.D. Schedule will be returned to Accounts Section showing the particulars of adjustment. The duplicate copy of schedule received from the Audit Section will be linked with original on record in Accounts Section and the adjustment Noted in the relevant column of the "Inward Settlement Account Register". A summary of the outstanding items will be prepared from the said Register and the outstandings will be reconciled with the figures appearing in the printed compilation.
- d. On receipt of clearance memo from the Central Accounts Sections of the Reserve bank of India, Accounts Section will link this with the advice received from the Railways/ Post & Telecoms/PAOs, Department of Supply New Delhi/Kolkata/Mumbai/Chennai/CCA, MEA concerned and wanting clearance memo will be called for and make a suitable note in the "Register of Inward Settlement Account Register". Thereafter Accounts Section will prepare a Punching Medium clearing the "Reserve Bank Suspense" Head (by minus debit or minus credit, as the case may be) and finally compiling the amount to "Reserve Bank Deposits-Defence" Head. The relevant portion of clearance memo meant for use in Defence Accounts Office will be completed at the time the connected entries in the 'Inward Settlement Accounts Register' are made.

- e. As soon as the Accounts for the month are closed, Civil Accounts Officers will send to the CDA concerned a monthly Settlement Account working up to the total net debit or credit which has been advised to the Reserve bank of India during the month for adjustment against the balance of the latter. This Account will be supported by a statement giving particulars of the schedules or advices with which the vouchers etc. have been forwarded to the CDA.
- f. The settlement of transactions with State Govt./Ministries and other Departments of the Central Government will be on cash basis by issue of cheque/ Bank Draft. The claim on receipt from these Departments will be entered in Inward Settlement Account Register and cheque issued in the normal manner. The claim will finally be adjusted in Account Section and vouchers/schedules will be sent to Audit Sections for verification and confirmation of the correctness of the adjustment.

#### 6.9. **TREATMENT OF INCORRECT AND INCOMPLETE DEBITS/CREDITS**

- a. In cases where full particulars of vouchers are not forthcoming in support of the advices or where the advices have been included in the memo of clearance received from the RBI but have not actually been received from the Accounts Officer concerned, the amount will be adjusted by debit/Credit to the Head "Reserve Bank Suspense-Unclassified" per contra debit/credit to the Head "Reserve Bank Deposits-Defence". The missing advices/particulars should be called for, immediately and on receipt thereof "Reserve Bank Suspense-Unclassified" Head will be cleared.
- b. Should it become necessary to re-debit/re-credit the amounts in respect of wanting vouchers it should be done after obtaining the consent of the other party to the account. Where the consent or the voucher is not forthcoming, say for six months, the item may be reversed. Erroneous debits or credits should be written back by fresh credits/debits and not by minus debits or credits.
- c. Where it is clearly established that any incorrect debit or credit has been given to a Controller instead of to other Accounts Offices of Railway/P&T etc. he will clear such items by advice to the RBI through his outward settlement Account with that Accounts Officer.
- d. In case of cheques wrongly advised by the Bank to a CDA other than the one shown on the cheque, the C.D.A. receiving the cheque should pass on the item to the C.D.A. concerned through the Defence Exchange Account. The adjustment by the C.D.A. initially receiving the cheque will be made by credit to the Head "Reserve Bank Deposits-Defence" per contra debit to the "Defence Exchange Account" Head of the CDA concerned. The latter will respond by contra debit (minus credit) to the Head "Cheques and Bills" and take further action as envisaged in Para 5.2 of this chapter. In case of MRO wrongly advised by the Bank to a Controller other than the one shown therein, the M.R.O. should likewise be passed on to the CDA concerned through the Defence Exchange Account. The CDA/PCDA initially receiving the M.R.O. will adjust the amount in his Books by debit to the Head "Reserve bank Deposits- Defence" per contra credit to the "Defence Exchange Account" of the CDA concerned. The latter will respond by contra credit to the Head "Remittance into Bank and Treasuries" and take further action as outlined in Para 5.1 et. seq.

- e. The cheques etc. pertaining to P&T and Railways etc., if received by the CDA/PCDA from the bank will be returned by him to the bank concerned. The branch in turn will forward the documents to the appropriate Accounts Officer and advise its Central office to effect necessary adjustments through the CAS, Nagpur. The adjustment will be made by the CAS by regular debit/credit entries in both the accounts affected. The Accounts Section of the CDA/PCDA will watch for such rectification.

**6.10. ADJUSTMENT OF TRANSACTIONS RELATING TO FEB AND MARCH:** Special steps should be taken for the prompt clearance of transactions relating to the accounts of the last two months of the year viz. February and March. The Books of the RBI for the month of March will be closed by the 25th April, after which no transaction involving inter-Governmental adjustment will be cleared by the bank in that month's account. To facilitate early settlement of the accounts for March, adjustments which originate in the accounts for February and earlier months should be completely settled and advised to the RBI in time. Adjustments in the month of March should be advised to the RBI to the extent possible before the expiry of that month and what is left over should be communicated to the Central Accounts Section, Reserve Bank on the 5th, 15th and 25th April electronically if necessary (or on the previous dates if any of these dates is holiday). All electronic communications sent by the Controllers by the 25th April will be accepted by the CAS, RBI, Nagpur for incorporation in the accounts of the preceding financial year. The last advice to be sent by the 25th April should include a certificate by the Controller of Defence Accounts that no further adjustments will be intimated to the Bank in respect of the financial year just ended. Any further adjustments pertaining to the preceding year should be taken into the accounts of the subsequent years but occasions for such postponement should seldom arise.

**6.11. TRANSACTIONS OF LARGE MAGNITUDE AFFECTING OTHER DEPARTMENTS OF THE CENTRAL GOVERNMENT COMING TO LIGHT AFTER CLOSURE OF THE BOOKS OF THE RBI:** If any item of large magnitude affecting other departments of the Union Government which is not incorporated in the Defence Proforma Accounts of the same year comes to light after the accounts of the financial year are closed by the RBI, the details of such transactions together with acceptance of Civil Accounts Offices of the debit/credit, will be furnished by the Controllers to the CGDA. If considered necessary, CGDA will obtain permission of the CGA in terms of note under Article 88 of the Account Code- Vol. IV (issued by the CGA) for carrying out adjustment of those transactions in the accounts of the previous financial year, outside the books of the RBI by correction to the "Reserve Bank Deposits-Defence" on proforma basis.

**6.12. RECONCILIATION OF BALANCES IN THE BOOKS OF THE RBI:** After the accounts for the month are closed, the CAS, RBI Nagpur, will furnish the statement of closing of each of the CDA/PCDA as per specimen given in Annexure 'D' of Chapter 7 of Defence Account Code. The statement of closing balances for each of the months April to February will be sent by 29<sup>th</sup> of the following month and that for the month of March by 10th May. It will be responsibility of the Controllers to check and verify that the balances in respect of their offices worked out by the RBI in its books are correct and agree with their respective balances as worked out in their own accounts. These figures should be reconciled with the total figures recorded in their Outward and Inward Settlement Account Register and in the Register of Bank Scrolls which will be abstracted monthly in a separate Register titled "Reserve Bank Deposit Account". The monthly balance communicated by the RBI will be confirmed by the CDA/PCDA to the RBI

with a copy to the CGDA by the 17<sup>th</sup> of the second month following that to which the account related except for the month of March which will be confirmed by the 2<sup>nd</sup> June duly furnishing the reconciliation statement and statement of discrepant items, if any, in the prescribed proforma. Based on this confirmation, the CGDA will confirm the monthly balance for the Department as a whole to the CGA for necessary contra adjustment against "X- Cash Balances".

**Note:** If some delay is anticipated in the preparation of discrepancy statement etc. due to large number of discrepant items, the confirmation of the monthly balances to the CGDA as well as to RBI should be sent in advance by the CDA/PCDA on the due date. The reconciliation statement and the discrepancy statement should, however, be sent within one month from the date of receipt of statement of closing balance from the RBI.

The balances under the Head "Reserve Bank Deposit-Defence" in-the Defence books must agree with the balances as worked out in the books of the Reserve Bank in order to enable the CGA to effect necessary adjustment from "W-Reserve Bank Deposits" to "X-Cash balances" in terms of Article 101-A Account Code Vol. IV. In order to achieve this agreement, all the discrepancies with the bank accounts which remain un-reconciled and un-rectified by the RBI at the close of the month of March, will be transferred by the Controllers of Defence Accounts to the Head "Reserve Bank Suspense-Unclassified" through their accounts for March (Final).

**6.13. VERIFICATION AND RECONCILIATION OF OUTSTANDINGS, UNDER THE SUSPENSE AND REMITTANCE HEADS:** The outstandings under the Suspense and Remittance Heads should be reviewed and reconciled every month and regular action taken for the clearance of outstanding items. The Officer-in-Charge of the section should personally watch the completion of this work every month and for this purpose, all the reconciliation sheets and Suspense Registers etc. put up for his scrutiny and signature. Ordinarily there should remain no balance at the end of the year under the Heads "Accounts with States" and "Reserve Bank Suspense", if prompt action is taken in intimating the transactions to the Reserve Bank for clearance and in adjusting the transactions of the monthly Inward Accounts of other Accounts Officers. In case there is an outstanding balance at the end of the year, the reasons for the same should be investigated and the items adjusted in the account in hand i.e. in the earliest possible month of the next year. The missing advices, or vouchers or the discrepant items in the RBI accounts in regard to which the adjustments have been made under the Head "Reserve bank Suspense-Unclassified" should be vigorously pursued with the Civil Accounts Officers concerned or the Banks/RBI etc., so that the outstanding under the Suspense Head are brought down to the barest minimum at the time of closing of accounts of the financial year. The balances under the Head "Remittance into Banks & Treasuries" and "Cheques & Bills" will represent the amount of unaccounted remittances" which should be rare" and the amount of un-cashed cheques respectively. These should be reconciled every month.

**6.14. EXCHANGE ACCOUNTS BETWEEN CsDA and PCsDA – General:** For facility of reference the "Exchange Accounts between controllers of Defence Accounts" have been referred to as "Defence Exchange Accounts". The types of transactions which appear in the Defence Exchange Accounts are laid down in Chapter 9 of Defence Account Code. Under the mechanical system, no monthly Defence Exchange Account as such is prepared and exchanged between parties to the account; only I.D. schedules (IAF (CDA) -338 A) are exchanged between the Controller's concerned. The transactions appearing in the schedules (original and responding) are linked by mechanical process centrally in the

EDP Centre of the CDA (Army), Meerut. The annual abstract of the progress registers embodying all outstanding items, remaining unadjusted on 31<sup>st</sup> March is also prepared mechanically and rendered to the Controllers responsible for their clearance.

**6.14.1. Procedure in Originating Controller's Office:** The original, duplicate and another copy of the schedules together with the supporting vouchers, will be sent by Audit Section of the originating Controller without waiting for the sectional compilation, to the Accounts Section of responding Controller who will enter them in control register. (Refer Para 113 of Defence Accounts Code)

It is the responsibility of the Audit Section concerned to ensure that all DID Schedules floated by them are supported by vouchers, complete details of transaction, Personal Account Number wherever applicable, Imprest Account Number etc. (Refer Para 114 Defence Accounts Code)

DID Schedule is prepared by the originating Controllers for each original item compiled to Defence Exchange Account head, with reference to the particulars shown in the original vouchers, punching media, etc. It is prepared in quintuplicate for distribution as under:

- |  |              |
|--|--------------|
| a. Accounts Section of Originating CDA | One copy     |
| b. Accounts Section of Responding CDA  | Three copies |
| c. Office copy                         | One copy     |

Out of three copies received by the Accounts Section of the Responding Controller after adjusting the same and completing the lower portion of the DID Schedule showing adjustment details, one copy will be sent to the DDP Centre processing the compilation for that particular office (along with PM for other classes of vouchers). Second copy will be sent to the section entrusted with the work of preparing the monthly report of DID Schedules responded/adjusted through the computer and the third copy will be retained as office copy of the adjusted schedules by the section adjusting the same. DID Schedule number will consist of 15 digits. The first two digits will indicate the CDA, next four digits the Section number, the seventh digit the class of voucher, eight to eleventh digits voucher number, twelfth and thirteenth the month and fourteenth and fifteenth the year as shown below in the case of class VIII voucher floated by PCDA (R&D) in the month of March 1999:

19001081021 0399

"from the year 2000 onwards, the year in the DID schedule will be indicated as under :-

*E.g.: 190010810210300 & 190010810210301 and so on.*

EDP Centre, Meerut will indicate the DID schedule number in respect of all transactions compiled to the DEA heads in respect of all classes of vouchers. In respect of class IV and class V vouchers (where the Section No. and the voucher No. shown will be the same) and where DEA heads operated may be more than one, the EDP Centre, CGDA, New Delhi will allot voucher number as 0001, 0002 etc. in strict chronological sequence (e.g. 00/070/21, 00/071/21). The originating CDA should also indicate the responding DEA head and amount in Part B of the DID schedule. EDP Centre, New Delhi will prepare a print out of original DID Schedule for each month in the following format:

DID schedule No.	Code Head	Receipt/Charge	Responding CDA	Amount
1	2	3	4	5

While the EDP Centre, New Delhi will send the soft copy in the above format to EDP Centre, Meerut, they will ensure dispatch of the above report CDA wise to the originating CsDA/PCsDA concerned by the 15<sup>th</sup> of the following month. On receipt of the above report, the Accounts Section of the originating CDA will verify whether all the DID Schedules in question have infact been floated by the various Sections of the CDA with reference to the copy of DID Schedule sent to them by the various Audit Sections at the time of floating of the schedules. The omission, if any, will be got rectified immediately. A certificate in this regard should be put up by the Accounts Section to the JCDA/Addl. CDA of the Organisation every month. The duplicate and triplicate copies of the schedules together, with supporting vouchers, if any, will be sent by the originating Controller directly to the respective sections of the responding Controller's office as indicated in the schedules. The originating Controllers will also maintain an outward DID Schedules Register in the prescribed proforma wherein all DID schedules sent by them to the responding parties shall be entered serially. The register will be submitted to the officer-in-charge on monthly basis. The originating Controller should not take any action to write back any item appearing in the detailed list under the Defence Exchange Account head even though it has been erroneously compiled. Such items should by re-debited/re-credited by the Responding Controller on receipt of the DID Schedules bearing the remarks "erroneous, may be re-debited/re-credited". Following points should be ensured while preparing the schedules:

- a. DID Schedules should be prepared for the full amount compiled and not for a part.
- b. No schedules should be prepared for items which are not actually compiled to the Defence Exchange Account heads,
- c. Original credits and debits should be afforded under 070 etc./21 and not under 070 etc./22.
- d. Audit Sections of the responding Controller's office should be correctly noted on the schedules.
- e. The schedules should be dispatched in one batch alongwith the original copy of the printed list of vouchers to EDP Centre on the due dates.
- f. No sub-office can raise DID Schedule against its main office or any other sub-office under the same CDA/PCDA.

**6.14.2. Procedure in responding Controller's office:** A Register of DID Schedules on the lines indicated in Vol. II of OM Part II will be maintained in each Audit Section concerned to exercise watch over the receipts and adjustment of DID Schedules. Immediately on receipt of a batch of DID Schedules in the Audit Section, they will be examined to verify the correctness of the "responding section" entered by the originating Controller. Necessary entry of these Schedules will be made in the Register where item has not been responded to and has accordingly been shown as outstanding in the outstanding list prepared by EDP Centre, the Accounts Section of the Responding Controller's Office will as usual pass it on to the correct audit section to whom the original DID Schedule was in first instance passed on. If the debit or credit prima facie pertains to the Responding CDA, the DID schedules should be responded and necessary verification and acceptance of Administrative/Executive Officers should be called for subsequently. In no case a DID schedule should be reversed without approval by GO/JCDA/Addl. CDA. Having endorsed the actual details of the adjustment in code numbers on both copies of the schedule under the

heading "responding item" the second copy of the schedule will then be treated as the punching medium and forwarded to EDP Centre, Meerut through the CGDA Office in the same manner as other punching media. '.dbf' format of the PM will also be sent to the EDP Centre, Meerut. The class of voucher to be shown on these punching media will be quoted as "8". The third copy will be retained in the audit section as an office copy. However, for old outstanding DID Schedules, the responding PM as well as '.dbf' file will be sent to the EDP Centre, Meerut directly.

**6.14.3. Objections on inward items:** Objections on inward items and correspondence connected therewith will be addressed by each audit section of the responding Controllers office direct to the audit section of the originating Controller. The originating Controllers section, kind of voucher and voucher number which are recorded on the schedule should also be quoted in all such correspondence besides the schedule number, in order to facilitate tracing the relevant documents.

**6.14.4. Clearance of outstanding items:** In order that the outstanding items under the Defence Exchange Account heads may be cleared, it is of paramount importance that the responses should be afforded promptly. A particular item should not normally appear as outstanding in two consecutive outstanding lists received from EDP Centre, Meerut and if an item is found to appear in the third outstanding list, this should be a matter of special enquiry and action. Cases of chronic delay for which satisfactory reasons cannot be adduced should be investigated and dealt with from the disciplinary point of view. DID schedules received in a responding Controller's office in respect of items which are not adjustable in his books wholly or partly, will be responded to in full in the first instance and re-debited or re-credited rejecting the whole or part of the amount as the case may require. Where no section has been marked in the original DID schedule, EDP Centre will, for purposes of preparation of the outstanding lists, show the item, against Section '00', if it has not been responded to the Accounts Section of the responding Controller will be responsible for taking further action for its clearance. While adjusting the DID schedules the responding Controllers should carefully observe the following points:

- a. Each schedule should be treated and responded to separately.
- b. Responses should not be passed on to the Controller other than the one who raised the original items.
- c. A plus debit/plus credit should be responded to by a plus credit/plus debit and minus debit/minus credit by a minus credit/minus debit.
- d. Except in cases of MES where DID schedules are adjusted through a monthly punching medium, DID schedules should never be adjusted through class 2 or class 4 vouchers.

**6.14.5. Statement of unadjusted items:** A statement, showing full details of all the Defence Exchange Account original items remaining unadjusted in each section of a Controller's office, will be prepared section-wise by EDP Centre, Meerut and forwarded every month in the form attached as Annexure 'C' to this chapter. Necessary action will be taken by the section concerned to expedite the clearance of the outstanding items shown in the statement. Any items shown wrongly in the statement of unadjusted items or in respect of which details are given wrongly should be reported to EDP Centre as soon as possible after receipt of the statement. A summary of the progressive total of outstanding for the whole office will also be sent monthly to each controller in the specimen form attached as Annexure "D" to this chapter duly supported by a detailed statement in the form shown as Annexure "E". This will be received by Accounts Section and put up to the Controller for his information to enable him to have an idea of the state of work in the office as a whole in connection with the adjustment of Defence Exchange Account schedules.

6.14.6. **March Final Supplementary Accounts:** No original debits and credits should be included in the accounts for March Final and March Supplementary without the prior consent of the other party to the account.

6.15. **Payment of interest on Government Promissory Notes:** With reference to Rule 9 of Public Debt Rules 1946, payment of interest on G. P. Notes is required to be made either at the counter of the Reserve Bank of India i.e., at the stations where offices or sub offices of the RBI are located, or through civil treasuries where there are no offices of the RBI and no intimation of the payment of interest is received by the Controller direct from the RBI. The amount of interest is deposited into treasury or the Bank on the authority of a MRO. The treasury receipt is adjusted by credit to the head "Trust Interest Fund" by contra debit to the Head- "Remittances into banks/treasuries". The head "Trust Interest Fund" is relieved when payment of the amount is actually made to the party concerned. The transactions relating to the above head are recorded in a register IAFA-292. For the purpose of publication in the Gazette of India, a statement of G. P. Notes and other securities remaining in deposit with the Controller will be prepared after the close of each calendar year, on IAFA-288, by Controller of Currency, and sent to the Manager, Government of India Press.

6.16. **BUDGET MONITORING PROCESS:** The expenditure under each minor or sub-head of centrally controlled heads is controlled by the various controlling authorities at DRDO. Full details regarding the locally controlled heads, the authorities responsible for their control the initial preparation of estimates and the dates of submission of these estimates are given in Defence Account Code. There will be a separate cell in Accounts Section for dealing with the following items of work:

- a. Watching the expenditure against allotment in respect of heads under which budgetary control is exercised locally.
- b. Preparation of the statement of expenditure against allotment on IAFA-823 and its rendition to local controlling authorities monthly.
- c. Checking of budget estimates and periodical reports received from various DRDO units/formations for onward transmission to DRDO HQ.

Budget estimates will be prepared and checked in accordance with the orders of the Government of India issued from time to time in the form of DRDO Instructions/Orders, Government letters etc. Notes of all such orders will be made in the Notebook of Orders (IAFA-487). The Notebook will contain sufficient number of pages to last for a year, separate pages being allotted by sub and minor heads. The budget Notes should afford, as far as possible, full and complete explanations of increased or decreased provision, as compared with the current year's budget and should be as complete and concise as possible. Separate files will be opened for each head of account of which the budget estimates are either prepared or checked in the Controller's office. All Government and CGDA's orders affecting the procedure of work and provision in the estimates will be filed separately in their respective files. The budget estimates and connected returns will also be filed in these files.

6.16.1. **Register of Special Allotments:** Sanctions by DRDO HQ and its Labs/Establishments from the allotments placed at their disposal for special purposes will be watched through guard files maintained separately for each Lab/Establishment. A note should be kept on the outer cover of each guard file of the total allotments granted to the particular Establishment for the year (with authority in support).

Changes in the total allotment made during the year should also be entered therein as notified from time to time. On receipt of sanctions for expenditure against those allotments accorded by different CFAs, the balance available after the expenditure sanctioned under that particular letter should be worked out on the letter of sanction itself (or on the back of it). The figures so worked out should be checked and initialed by the concerned AAO/SO (A). The letter of sanction should then be recorded in the guard file relating to the particular Establishment. The net balance thus worked out should at the same time be communicated to the DRDO HQ as well as the respective Establishment as the amount would still be available for further expenditure out of the original grant.

**6.16.2. Allotment Register of loans and advances:** A separate case file will be maintained either manually or through Office Automation System for each of the heads under heads "T- Deposits and Advances-Advances repayable" and "F-Loans and Advances by the Central Government-Advances of Government servants on which interest is payable" for which a separate allotment is sanctioned. All communications sanctioning allotment and references calling for certificates as to the availability of funds will be recorded in these files. In the report on the availability of funds, the balance of allotment available after verification of each proposal for sanction will be worked out as indicated below for the information of the sanctioning authority:

Last Balance	Rs.
Amount now proposed to be sanctioned	Rs.
Balance available	Rs.

After the registers in IAFA-195 and IAF (CDA) 51 have been posted, Accounts Section will verify on monthly basis that no advance has been paid without a certificate regarding availability of funds beforehand. In order to avoid heavy lapse of funds at the close of the year, it should be ensured that amounts which have not been drawn upto 30<sup>th</sup> November and are not likely to be expended during the remaining portion of the year are surrendered by 10<sup>th</sup> December each year. CsDA/PCsDA are not required to render certificate regarding availability of funds in the case of following categories of advances on which the above procedure will not be applied:

- a. Advances for purchase of motor conveyances, bicycles or other conveyances.
- b. Advance for purchase of warm clothing, table fan.
- c. Advances to Government servants affected by floods, cyclones or other natural calamities of exceptional nature.
- d. Advances of pay to mitigate hardships caused by loss of property due to fire, theft etc. abroad.

CDA/PCDA will, after closure of the annual accounts, render an annual statement showing the compiled actuals for the year under the heads "Regimental and other Loans" and "Loans to Government servants" to the Ministry of Defence (Finance) as and when called for by them. The statement is required in connection with the Appropriation Accounts and will be rendered in the manner desired by the Ministry.

**6.16.3. Watching expenditure against allotments:** The authorities to whom allotments are made are responsible for watching the progress of expenditure and for seeing that the expenditure does not exceed the allotment. In order to help the controlling authorities at DRDO Headquarters and Cluster DGs as well as Lab or Establishment Directors (in cases where allotment is made in respect of such organisations), the CDA/PCDA will render to the allottees monthly statements of actuals, the statement will be sent by the Controllers by 25<sup>th</sup> of the following month that to which they relate and will show serial numbers of claims admitted in audit and the

amounts debited against the allotments.

**Note:** Bills etc. sent to the Controllers for payment or adjustment against a particular allotment are required to be serially numbered to enable the administrative authorities to reconcile the statistics kept by them with the information furnished by the CDA/PCDA.

The CDA/PCDA will also simultaneously keep a watch on the progress of expenditure against sanctioned allotments and bring to the notice of the allottees and their immediate higher authorities cases in which the progress of expenditure is, in their opinion, abnormally heavy or unusually low.

**Note 1:** To exercise strict budgetary control it is of the utmost importance that the compiled actuals should be as accurate and upto date as possible. Accordingly, the Controllers will ensure that all transactions arising in their respective audit jurisdiction (including Inter Services Adjustments to the extent permissible) are brought to account promptly. This requirement equally applies to transactions which are passed on to them through Settlement Exchange Accounts by other Civil and DAD offices.

**Note 2:** Expenditure debitible to locally controlled heads booked by one Controller on behalf of the another (except the expenditure relating to the Works which is to be passed through Defence Exchange Accounts) will be finally brought to account against the relevant service heads concerned by the CDA/PCDA booking the expenditure. A monthly statement of such expenditure on the lines contemplated in Para 320 Defence Audit Code, will, however, be furnished by the former CDA/PCDA to the latter CDA/PCDA to enable him to watch the progress of expenditure against the allotment.

When cases referred to above are brought to the notice of the Controlling Authorities, they are required to take prompt action as indicated below:

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

Where additional allotment is required, action to obtain the same is to be taken by the administrative authorities promptly and sufficiently early to avoid delay in the settlement of claims, as no payment in excess of sanctioned allotment under locally controlled heads can be made save in exceptional cases under the personal orders of the CDA/PCDA concerned, who may authorise provisional payment at his discretion whenever he considers such a course to be in the best interest of the State. In cases where it is found that the administrative authorities fail to be vigilant in applying promptly for additional allotment of funds because provisional payments have been authorised, the Controllers will ask the authority concerned (endorsing a copy to the next higher administrative authority) to take urgent action in the matter, adding a warning that further provisional payments will not be made unless application for additional allotment, with reasons in support, is submitted through him promptly. If this warning has no effect and the Controller is personally satisfied that there has been a laxity on the part of the administrative authorities, he should refuse further provisional payments and report his action to the authorities at DRDO HQ and the Additional Financial Adviser concerned in the Ministry of Defence

(Finance), through the CGDA. With a view to more rigid control being exercised over the progress of expenditure on locally controlled heads, the actuals should be compared with the proportionate budget provisions for allotments under the detailed heads unless the adoption of this course is unsuitable to any particular case. The Officer-in-Charge of audit sections concerned will, once a month, compare the actuals on the general lines indicated in the preceding Para, and investigate the cause or causes of variations of Rs. 500 and over in the case of receipts and Rs.2,500 and over in the case of charges. For this purpose, they will be furnished with variation statements monthly from the estimate group of Accounts Section for locally controlled heads. These statements will be scrutinized personally by the Officer-in-charge of audit sections. Any mistake noticed in classification will be treated and dealt with in the same way and as strictly as failures in audit.

In cases where excesses over modified allotments under locally controlled heads are noticed after the close of the year they should be brought to the notice of the local authorities by the Controller of Defence Accounts concerned. Local authorities will report all such excesses to the controlling authority at Headquarters through the Controller of Defence Accounts concerned. When this has been done, the Controller of Defence Accounts can remove his objection to the excesses.

**6.16.4. Re-appropriations:** The rules governing re-appropriations, that is, the utilisation of savings in the budget provision under one head to meet excess expenditure under another head, are contained in Financial Regulations Part 1.

**6.16.5. ESTIMATES IN RESPECT OF DAD HEADS:** Periodical estimates in respect of Receipts and Charges pertaining to Defence Accounts Department will be prepared by the CDA/PCDA and submitted to CGDA as per time schedule Noted below :

Estimates	To be sent by Controllers so as to reach CGDA by	Consolidated Estimate to be sent by the CGDA so as to reach the MOD (F)
Revised Estimates for the current financial year and Budget Estimates for the ensuing financial year	1 <sup>st</sup> December	20 <sup>th</sup> December
Modified Appropriation for the current year	20 <sup>th</sup> February	10 <sup>th</sup> March

Budget Estimates in respect to Civil Pensions relating to DAD is to be forwarded by the CDA/PCDA to the PCDA (Pensions) who will consolidate the reports and forward the same centrally to the CGDA for onward transmission to Central Pension Accounting Authority, Ministry of Finance for inclusion in the India Circle of Account under advice to the Ministry of Finance (Department of Economic Affairs).

**6.17. REVIEW OF COMPILATION:** It is the responsibility of the compiling section concerned to ensure the classification given in the punching media is absolutely correct. As further safeguard, Accounts Section will review the monthly compilation received from the EDP Centre concerned and the following points will be specially looked into. The points mentioned below are illustrative and not exhaustive:

- a. No amount appears under a fictitious code head which has been deleted from

the financial accounts during the course of the year. The DDP Centres/ EDP Centre concerned are required to send list of fictitious code heads operated by the CDA/PCDA in PM. It will be ensured that readjustments where necessary is carried out promptly by Audit Sections concerned and there are no outstandings at the close of the annual accounts.

- b. No minus figure ordinarily appears under a head other than a deduct head or a plus figure under a deduct head.
- c. The heads of accounts operated exclusively by certain specified Controllers do not appear in the compilation of other Controllers.
- d. If a Government servant is transferred to the Defence Services from the audit area of an Accountant General of State and any loan sanctioned is outstanding against him, amount of the loan is retained in the books of the Accountant General concerned and the recoveries effected by the Defence Accounts Department are passed on to the Accountant General concerned through the Settlement Account. The same procedure is followed in case of an individual transferred from the Defence Services to the audit area of an Accountant General of a State with an outstanding balance of a loan granted to him. However, in case of HBA, where Government servants are transferred to a different circle of accounting, after the drawal of the entire amount of advance, the balance of advance outstanding against the Government servants at the time of transfer may be transferred to the new accounting circle as prescribed in Para 260 of Defence Account Code.
- e. The Defence exchange account heads, both for original and responding items allotted to a controller, do not appear in his own compilations.
- f. No fresh receipts are compiled under the heads like "Defence Savings Provident Fund" (Code No. 0/015/03) etc.
- g. No amounts appear as "charges" under the head "National Defence Funds Suspense" (Code NO. 0/020/92).
- h. The heads under "Section" M-remittances normally close monthly with 'NIL' balance.

The compiling sections will review their sectional compilations keeping in view the points mentioned above and will invariably include in the certificates of review of compilations to be rendered by them to Accounts Section in the main office within a week of the receipt of the printed compilation noticed by them as a result of review. Some of the more important points which will be looked into during the review of compilations for the closing months of financial year are given below:

- a. The balances under the Defence Exchange Account heads, as also the heads for Deposits, Advances and Suspense Accounts, are reduced to the absolute minimum;
- b. The receipts and charges compiled by the Controllers to the end of March under Funds Heads the accounts in respect of which are maintained by the CDA (Funds), Meerut, are transferred to the CDA (Funds), Meerut through Systems by EDP Centre of the CGDA in accordance with Appendix 4 of Defence Account Code. After the close of the accounts for March Preliminary, no fresh amount should be compiled under the Fund Heads in the accounts for March Final or Supplementary. If, however, any amounts recovered earlier have not been compiled to the Fund Heads and it is essential to include them in the accounts for the financial year, the amount should be credited to the

CDA (Funds), Meerut, through the Defence Exchange Accounts for March (Final) or Supplementary without operating upon the respective Fund Heads, and should be responded to by that CDA in the accounts of the same year. The Fund Deduction Statement are invariably forwarded in such cases in support of the DID Schedules. Separate DID Schedules are prepared for each Fund Head and forwarded to the CDA (Funds), Meerut so as to reach the office latest by the 25<sup>th</sup> July. Any subsequent re-adjustments between Fund Heads (in respect of funds maintained by the CDA (Funds), Meerut only) found necessary as a result of erroneous compilations made earlier by the Controllers, will be carried out by the CDA (Funds), Meerut themselves on receipt of necessary intimation/confirmation from the CDA/PCDA by whom the amounts were initially compiled. When, however, such amounts are required to be re-adjusted to some other Fund Heads, the accounts of which are not maintained by the CDA (Funds), Meerut or to some other heads of account not concerning that section, the debit/credit will be withdrawn by the CDA concerned through Defence Exchange Accounts and compiled to the correct head of Account.

Note: So, far as Fund Heads in respect of DAD are concerned, the above procedure transferring the receipts and charges compiled under the Fund Heads to CDA (Funds) through Defence Exchange Accounts will not be followed. The CDA/PCDA will, however, send an intimation of the debits and credits compiled by them upto March (Preliminary) under fund heads pertaining to DAD, so as to reach the CDA (Funds) by 15<sup>th</sup> May of each year.

- c. The figures under the heads 'F-Loans and Advances by the Central Government' on account of transfer of balances from one Controller to another are agreed by the Controllers concerned in consultation with each other, before the accounts for March Supplementary are closed. It should be ensured that debit transactions on account of loans and advances passed on by one Controller to the other are responded to as well as adjusted by the responding Controller in the accounts of the same year. In the case of transactions that are passed through the account for March (Final and Supplementary) the originating Controllers should send advance Schedules to the responding Controllers to enable the latter to incorporate the transactions in the accounts of the same year.

Over and above the review referred to above, the Controller responsible for the annual adjustments should see that the same are carried out in accounts for March Final or Supplementary positively.

6.18. **TRANSFER ENTRIES:** Punching Media for the transfer entries carried out in Accounts Section will be sent direct to the EDP Centre for incorporation in the appropriate detailed compilation.

6.19. **DEFENCE LEDGER – General:** Defence ledger is prepared in the form of statements showing receipts and charges and balances under the Revenue, Debt and Remittance heads. Two forms are used, IAF (CDA)-361 and 361-A, which show the heads and details of balances closed to "Government Account" and "Balance Account" respectively. The heads shown in these statements have been grouped together to facilitate the preparation of the Annual Review of Balances.

6.19.1. **Posting of Defence Ledger:** The entries in the military ledger will be posted annually. As soon as orders of the Comptroller and Auditor General are received through the CGDA, for the final closing of the books of the previous year, the closing balances of the account closed to "Balance Account" in the previous year will be brought forward in the statements of current year. After the close of the

compilation for March Supplementary (taking into corrections, if any), the final accounts of receipts and charges will be posted in the statements and balances struck for the preparation of the Review of Balances. The closing balances in the statements will be verified with the balances 'worked out independently in the debt and suspense heads register.

**6.19.2. CLOSING OF BOOKS:** The account under Major Head 0076/2080 and 4076 Defence Capital Outlay" will be closed by credit or debit to Government Account. The Revenue Heads will be closed to "Government Account" and Debt, Deposit and Remittances, i.e. Accounts with States etc. heads and Personal Account will be closed to "Balance Account" except that Head "Reserve Bank Deposits-Defence" and "Defence Exchange Account" Heads shall be closed to "Government Account".

**Note:** The Head "Miscellaneous Government Account" will be closed to Government and the balances should not be carried forward to the subsequent year's books.

### **6.19.3. REVIEW OF BALANCES:**

6.19.3.1. AROB (Annual Review of Balances) is an explanatory statement of closing balances under the debt, deposits and other balanced heads. Detailed instructions for the preparation and submission of the 'Review of Balances' are contained in Chapter 12 of Defence Account Code. It contains following information:-

- a. A statement of cash ledger balance which is to be verified.
- b. An explanation of the nature and condition of the liability involved in it.
- c. A statement of detailed Account showing how far the same agrees with the balance on the ledger.
- d. Information as to whether the person or persons by whom the balance is owned or from whom it is due, admit its correctness and if he do not where the difference lies, this does not apply to such items as deposits.

### **6.19.3.2. Basis of preparing AROB in August**

- a. The need for AROB arises because accounts of the year are not considered complete until the balances upon the ledger under the debit and other balanced heads are verified.
- b. Actually, Govt. Accounts of a year are not immediately closed after 31st March. These are kept open for a certain period in the following year for completion of the various accounting process. In respect of transactions of March certain inter-departmental adjustments have to be carried out through RBI Nagpur upto 25th April of following year. Similarly, time is required for closing the accounts of several provident funds and suspense heads. Adjustments may also be made after the close of year in respect of mis-posting and misclassifications coming to notice after the 31st March. The accounts so kept open after 31st March are known as Accounts for March (Supp.), March (supp. correction) and manual correction. These accounts are closed on the dates intimated by CGDA each year which is stretched upto August. As the final RDA compilation for a year is received only by August, AROB is prepared in August.

### **6.19.3.3. Process of preparation of AROB**

- a. As soon as the final RDR compilation for a financial year is received the task holder starts working on the Defence ledger for that particular year.

- b. The progressive amount as per the final RDR book compilation in respect of code heads pertaining to Defence Exchange Accounts (both originating and responding) are checked together. The compilation made on a/c of originating items represents amount due from/due to other CDA/PCDA whereas the compilation made on a/c of responding items represents the amount responded on a/c of transactions originated by other CDA/PCDA. As the AROB aims to show the net effect of the transactions taken place during the year checking as stated above is made.
- c. The compilation made to fictitious code heads as per the final RDR book compilation is then taken to Misc. Suspense (0/020/61) by EDP centre.
- d. A statement showing receipts and charges during the year and the balances as on 31st March of that year under the heads which are closed by debit/credit to Govt. account is prepared. This statement will show item, Name of the head by account, Code no., Receipts and charges and balances for the year which will be shown as debit or credit as the case may be. Generally, this statement contains information about different kinds of taxes interest receipts and other defence services receipts, payment of interest, pay and allowances, exchange accounts between different Defence Accounts Officers and deposits with RBI. This statement will contain roughly 30 to 40 code heads.
- e. Another statement showing receipts and charges during the year and the balances as on 31st March under the heads which are closed by debit/credit to balance account is also prepared from the final RDR compilation. For this statement the balance shown in previous year's defence ledger is taken as opening balance and shown under debit or credit of respective code head. Receipts and charges are transcribed from the RDR compilation of final a/c of that year and balances are struck. Approximately, 150 code heads coming under the general heading of loans and advances, small savings (PF) etc, deposits and advances suspense and misc. which includes exchange accounts between defence and various other departments' remittances with other countries cash a/c with AG etc.
- f. Figures shown as closing balances in the above statement are again separately examined, and year-wise balance under credit and debit under various head like 0/020/61, 0/020/81, 0/020/82 & 0/020/83 are prepared.
- g. These year-wise break-up are prepared by the task holder dealing with the respective suspense registers. In these suspense registers, in various pages information as at the beginning of the year are shown. Every month as and when clearances are made or as and when additions are made these are posted from actual documents under debit or credit. These are reconciled with detailed voucher compilation showing debit or credit. Balances are checked and reconciled every month with the net amount shown in RDR compilation. The year-end detailed figures from these registers are copied out year-wise under debit and credit separately and the net total is tallied with the figure shown in AROB. Apart from this a detailed explanatory note showing the code head misc. debit and credit which work out to the net amount in AROB is prepared. Similarly the clearance made upto date in the subsequent financial year (i.e. normally upto August) in respect of compilation made during the previous year (Review year) is also included in this note.

- h. Statement No.13 showing the summary of balances item-wise sector-wise is prepared and transcribed into statement No.5 which shows the summary of balances as at the end by the year.
- i. A certificate is furnished by the CDA/PCDA stating that the accounts rendered are correct and agree with the initial accounts maintained.

6.19.3.4. In addition to the instructions contained therein, the following further information should be embodied in the report:

- I. Outstandings under the head "Advances Repayable" and any similar recoverable outstandings relating to the year under review should be differentiated in the Review of Balances from those on account of previous year, any delay in the recovery of old items being specifically explained.
- II. The following classification should be adopted in respect of debt heads in the General Balance Sheet of the Review of Balances and Explanation furnished for amounts outstanding under each sub-head subordinate to the major head:
  - (A) Deposits:
    - i. Donations/Contribution towards the National Defence Fund.
    - ii. Security Deposits.
    - iii. Field Deposits.
    - iv. Miscellaneous Deposits.
    - v. Unclaimed G.P. Fund Deposits.
    - vi. Unclaimed Deposits in other miscellaneous Provident Funds.
    - vii. Unclaimed Contributory Provident Fund Deposit.
    - viii. Unclaimed LOFWP Fund Deposits.
    - ix. Trust Interest Fund.
  - (B) Advances:
    - i. Permanent Advances.
    - ii. Advances to Field Cashier's Account.
    - iii. Advances Adjustable in CDA/PCDA Office.
    - iv. Other Advances - Repayable.
    - v. Miscellaneous Advances.
    - vi. Advances-Pay Accounts Offices.
    - vii. Special Advances.
    - viii. Advances- Imprest Holder's Account.
  - (C) Loans and Advances by the Central Government.
    - i. Loans to Local Funds, Private Parties etc.:
      - a. Regimental and other loans-Defence.
      - b. Miscellaneous Loans and Advances to Displaced Personnel.
    - ii. Loans to Government servants etc.:
      - a. House Building advance.
      - b. Advance for purchase of Motor Car
      - c. Advances for the purchase of other Motor conveyances.
      - d. Advances for the purchase of other conveyances.
      - e. Other Advances.

- (D) Suspense Account:-
- i. Miscellaneous Suspense.
  - ii. Remittance into Bank/Treasuries.
  - iii. Cheques and Bills.
  - iv. Reserve Bank Suspense.
  - v. Reserve Bank Suspense-Unclassified.
  - vi. National Defence Fund-Suspense.
  - vii. Provident Fund Suspense.
  - viii. Security Deposits by Central Government offices with the Electricity Board/Corporation/Municipalities and Private bodies/firms for supply of energy and water etc.

#### 6.19.3.5. **Post-Review Activity**

- a. The draft of the AROB should be sent to Director of Audit, Defence Services for his test-audit. He will return the AROB to the CDA/PCDA with the necessary audit certificate.
- b. On receipt back of AROB from DADS, it should be finalised. Two clear copies should be forwarded to the CGDA office and copies to others concerned. In case, some delay is expected for preparation of Test Audit Certificate, an un-audited copy should invariably be sent so as to reach the CGDA by 15<sup>th</sup> Oct.
- c. AROB (DS) along with statements No.5 & 13 are also to be rendered to CGDA so as to reach by prescribed date.
- d. As soon as AROB has been issued a list should be drawn up of all the cases in which further action is required and the CGDA will be informed in the 1st week of January following of any subsequent charges which may be necessary due to receipt of additional information after issue of AROB.
- e. Discrepancies that may remain unsettled after the submission of supplementary report should be carefully matched and their reconciliation reported to the CGDA in 1st week of April and 1<sup>st</sup> week of July of the 2nd year following that to which they relate. As a rule discrepancies reported in the AROB of one year should be settled before the AROB of next year is submitted.
- f. An annual statement of review of balances under the head 'Loans and Advances' outstanding under each sub-head on 31<sup>st</sup> March will be rendered on 1<sup>st</sup> September to Director (budget), Min of Defence (Fin) through the CGDA. This review in particular deals with write off delays in repayment acknowledgement of balances doubtful asset in balances, etc.

#### 6.19.3.6. **Interaction with other sections/sub-offices**

- a. Accounts section will monitor receipt of statements to be submitted by all sub-offices/audit sections, which will contain details of balances under various debit and suspense heads outstanding in the relevant register. Accounts section will tally the figures shown in above statement with opening balance brought forward from previous year and compiled actual during the year under review and incorporate the agreed figures in AROB.

- b. Accounts section will also monitor receipt of checked copy to be submitted by LAO concerned after he had conducted personal inspection of registers. It should be tallied with audit sections/sub-offices copy.
- c. Stores contract section will also work out from the compiled actual and registers the agreed figures in respect of security deposits and will furnish the same to Accounts section in time.

#### 6.19.3.7. **Role of monthly review**

- a. AROB being an important document forming the basis for compilation of statements 5 & 13 of Union Government Finance Accounts, responsibility for correct projection of balances devolves entirely on the CDA/PCDA. However, AROB is often submitted to the CDA/PCDA just on the last date for their submission/issue. This leaves hardly any time with the Head of the Organisation for effective scrutiny and value addition in the report. Thus it becomes necessary that the whole process of compilation of AROB is planned and controlled in such a manner so that a critical study can be made at completion of each major phase in the build-up of final documents.
- b. Further the entire exercise involved in preparation and submission of AROB is quite complex and requires extremely close scrutiny and monitoring at each level. Monthly review will facilitate easier preparation of AROB.
- c. In view of above, it is necessary that a review of all heads closing to balance is done on a monthly basis so that adequate data is available at the time of operation of AROB. Monthly review will also help in reducing the instances of advance balances and making the normal balances more realistic.

**6.20. ANNUAL STATEMENT OF EXPENDITURE UNDER HEAD 2049-INTEREST ON OTHER OBLIGATIONS:** An annual statement showing expenditure under different minor heads of Major Head-2049 – Interest on other obligations, to end of March Supplementary will be rendered by the Officer-in-Charge, EDP Centre, and the Controllers who furnish estimates under this head to the Deputy Financial Adviser (Budget) through the CGDA so as to reach him on 25<sup>th</sup> August each year, with brief explanations for variations between the actuals and the original and modified allotments. The figures will be carefully checked and agreed with the relevant compilation before the dispatch of the statements. A statement of corrections in this regard will also be sent to the Deputy Financial Adviser (Budget) on 20<sup>th</sup> September. In case there are no corrections to be intimated, a nil statement will be rendered.

6.21. The Accounts Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which is to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – ACCOUNTS SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Objection Register
6.	Register of Civil Exchange Accounts
7.	Register of advances repayable/miscellaneous advances
8.	Register of interest bearing advances
9.	Register of Budget Estimates
10.	Register of Central Adjusting Accounts
11.	Register of Deposits
12.	Register of expenditure against allotment for locally controlled heads
13.	Register of mortgage bonds
14.	Register of provisional debits/credits to suspense accounts
15.	Master Note Book (MNB) Register
16.	Instruction Order Register
17.	Operation of CDA-13 Register
18.	Register of secret and confidential documents
19.	Register of Permanent Advances
20.	Debit & Credit Scroll Registers
21.	Register for Inward & Outwards settlement accounts

**List of Reports & Returns - Accounts Section**

1.	Review of Compilation	Monthly	20 <sup>th</sup> of the following month	CGDA
2.	RBI CAS Reconciliation Report	Monthly	15 <sup>th</sup> of the following month	RBI CAS
3.	MPR	Monthly	3 <sup>rd</sup> of the following month	IA
4.	Monthly Expenditure Report	Monthly	5 <sup>th</sup> of the following month	All Labs
5.	Charged Expenditure Report	Monthly	20 <sup>th</sup> of the following month	Min of Def
6.	Misc. Suspense Report	Monthly	20 <sup>th</sup> of the following month	CGDA
7.	DID Schedule Report	Monthly	20 <sup>th</sup> of the following month	CGDA
8.	Clearance of Suspense PSB, RBI Suspense Classified & Un-classified	Quarterly	20 <sup>th</sup> of the month following the quarter	CGDA
9.	Report on Govt. guarantees – Preparation of database	Quarterly	5 <sup>th</sup> of the month following the quarter	CGDA
10.	Report on verification of DMS, Monthly closing balances	Quarterly	5 <sup>th</sup> of the month following the quarter	CGDA
11.	Recovery of interest on delayed remittances of Govt. receipts from PSB	Quarterly	5 <sup>th</sup> of the month following the quarter	CGDA
12.	Write off from the balances head of Account to Govt. under Para 50 of Def A/c Code as PF Suspense	Half Yearly	1 <sup>st</sup> April 1 <sup>st</sup> Oct	CGDA
13.	Charged Expenditure Report	Yearly	14 <sup>th</sup> Aug	CGDA
14.	Annual Review of Balances	Yearly	14 <sup>th</sup> July	CGDA
15.	Rendition of Statement 3 & 11	Yearly	30 <sup>th</sup> April	CGDA
16.	Subsidies paid to the Autonomous bodies/Corporations DAD/Non-DAD	Yearly	15 <sup>th</sup> July	CGDA

17.	Contribution paid to International Organization from Def. Service Estimates	Yearly	18 <sup>th</sup> June	CGDA
18.	Annual consolidated abstract of progress in respect of Defence Exchange Accounts	Yearly	15 <sup>th</sup> Dec	CDA Meerut

**List of Original items of Defence Exchange Accounts  
Outstanding in Audit sections at the end of \_\_\_\_\_**

Responding CDA/PCDA	Section of responding CDA/PCDA	Particulars of original items						Amount	Date
		Original CDA	Original Section	Kind of Vrs.	Vr. No.	Schedule No.	Dr. & Cr		

**Summary of Original items of Defence Exchange Accounts outstanding in the office of the CDA/PCDA \_\_\_\_\_ at the end of \_\_\_\_\_**

Amount outstanding from last month \_\_\_\_\_

Original items received during the month \_\_\_\_\_

Total of original items received upto the end of the month \_\_\_\_\_

Original items responded to during the month \_\_\_\_\_

Balance remaining unadjusted \_\_\_\_\_

Forwarded to the CDA for information and necessary action \_\_\_\_\_

Details (a) by Sections and (b) origination Controllers will be found in the enclosed statements.

.....

.....EDP Centres

**Details of Original Items Outstanding**

**Office of the CDA/PCDA \_\_\_\_\_ at the end of \_\_\_\_\_**

**(A) By audit sections**

Name of the section			Remarks
	Rs.	P.	

**(b) By Originating Controllers**

Originating CDA/PCDA	CREDITS			DEBITS			Total of debits & credits outstanding
	Original credits compiled (progressive totals)	Responding debits compiled (progressive totals)	Balance credits outstanding	Original debits compiled (progressive totals)	Responding credits compiled (progressive totals)	Balance debits outstanding	

**ADVICE OF CLEARANCE**

No. A/DAD/R&D/

MONTH\_\_\_\_\_

FROM:  
The CDA (Army)  
Meerut Cantt

To,  
The Manager,  
Reserve Bank of India  
Central Accounts section  
NAGPUR

Sir,

Please credit/debit against the balance of the under mentioned Controller of Defence Accounts the amount indicated against him by per contra debit/ credit against the balance of the Government on the reverse.

AMOUNT

PCDA R&D New Delhi

Amount        Rs.                P.

2. Please send intimation of the adjustment to the PCDA named above and this office quoting the No. of this advice

Sr. AO / Accounts Officer  
CDA Central Command

Copy to:  
PCDA (R&D)  
New Delhi-66.

In respect of supplementary advice, following sentence will be substituted:  
A detailed statement of debits and credits for the period\_\_\_\_\_ based on which this advice has been issued is also enclosed. Receipt of the clearance memo may please be watched for necessary adjustment.

"This is a supplementary advice in respect of amount compiled under Misc. Suspense DAD by your office in the month of\_\_\_\_\_ as per detail enclosed."

Accounts Officer  
CDA (Army)

Name of the Govt. to be debited or credited	Name of the Accounts officer with whom adjustment is to be made	Net Amount		For use in Central Accounts Office of
		DEBIT	CREDIT	
1	2	Date of Adjustment		No. of date of clearance memo in which adjustment has been intimated to the Accounts officer
		3	4	
Central (Civil) DAD	CDA Army Meerut			

**Debit Net .....**

**Credit.....**

Accounts Officer  
CDA (Army)

**ACCOUNTING AND RECONCILIATION OF TRANSACTION MADE THROUGH CASH MANAGEMENT PRODUCT (CMP), STATE BANK OF INDIA, MUMBAI.**

In order to bring about uniformity in e-payments made across various offices of the DAD, it has been decided by HQ office to implement the Cash Management Product (CMP) of SBI in Defence Accounts Department.

2. SBI is the accredited bank in all non-Civil Ministries/Departments and SBI-CMP Branch, Mumbai is authorized as e-Focal Point Branch (FBP) in Civil Ministries/Departments. CGA vide its OM No-S-11012/e-payment/6/2012 dated 07/08/2012 has decided that SBI CMP Branch, Mumbai will also act as e-FPB for e-payments in Defence. SBI has customized its Cash Management Product (CMP) for the Defence Accounts Department for making e-payment through a secured payment gateway.

3. The salient features of CMP are:

- (i) CMP Centre will act as link as well as e-Focal Point Branch (FPB) for e-payment to the beneficiaries through NECS/NEFT/RTGS etc. Payment files, in a prescribed format, will be routed by Accounts Officers (AO) to CMP portal for effecting e-payments. The CMP Centre would be the one point contact for Defence payments.
- (ii) Settlement of Fund with RBI CAS Nagpur is based on mandate without any physical instrument. Reimbursement of Funds is claimed from RBI only for and after the payment is effected.
- (iii) Daily updation of paid or unpaid data by CMP to all the Accounts Offices on the portal for online reconciliation of payments is done on daily basis supported by payment scrolls.
- (iv) Accurate reporting mechanism of transactions and accounts. Scrolls uploaded on the Portal contain full history of the transaction including payment reference number, date of payment and date of settlement with RBI.
- (v) Centralized monitoring of turnaround Time and effective control of Defence Accounts.
- (vi) As processing of files, payment to beneficiaries, capturing of payment reference number, settlement of fund with RBI and uploading of scrolls is an automated process, scaling up of the operations will not affect the process flow and the turnaround Time.

- (vii) Storage of all payment data in electronic form. The same can be retrieved at no time for compiling any MIS.

The Defence Proforma transactions, as advised by SBI to RBI Central Accounts Section (CAS) - Nagpur, date of settlement with the RBI, Debit Scrolls, Date wise Monthly Statement (DMS), Monthly Settlement Statement (MSS) will be made available on the portal by SBI which may be accessed by the concerned sections of our offices for compilation, accounting and linking purposes for which log-in id and password will be provided.

4. At the time of passing the bill, the existing procedure of operating the PM will continue to be followed by the Audit Sections. However, in all such cases where payment is proposed to be made through CMP branch by issue of e-mandate, the code head 00/020/81 will be substituted by the code head 00/020/91 (Pay Accounts Office).

An illustration is given below.

The Punching Medium for CMP payments will be prepared by the Audit Section as under:

**Punching Medium for Compilation of e-mandate prepared by Audit Section:**

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
00/20/91 (PAO electronic advice)	50,000		Relevant Service/ Expenditure Head	50,000	

5. The existing procedure of preparation of section-wise Daily Payment Sheet manually or through OA system shall continue to be followed. The DP Sheet will be prepared for two modes of payments separately, i.e.

- (a) For payment through CMP and  
(b) For payment through other than CMP if circumstances warrant such payments.

The Audit Sections would continue to authorize payments and will prepare payment order and DP Sheet in respect of all passed bills indicating requisite particulars like name of the individual/vendor, bank account number, type of account, bank branch code, IFS Code/MICR Code etc, as required in the prescribed format to process the transaction through CMP. The Cheque Slips and related DP Sheets will be forwarded to the Disbursement Section for processing payment.

6. The updated user manual for using various functionalities of Defence Payment Portal hosted by CMP is available on the portal (<https://www.sbicmp.co.in/MOD>). The prescribed format in which the payment file will be uploaded and authorized for payment is given in **Annexure 'A'**. After effecting payments, the data format in which the debit scrolls will be made available in the portal is given in **Annexure 'B'**.

7. Debit Scrolls will be sent by the CMP Branch on daily basis indicating therein consecutive serial number of the Debit Scroll as per the existing FPB scheme. The Accounts Section will only be given access to the Debit Scroll/Payment Scrolls, DMS and MSS. The pdf file of the Debit Scroll will be downloaded by the Accounts Section on daily basis. The scroll can be down loaded and a print taken by the authorized person. The data of the Payment Scroll will be recorded in the Debit Scroll Register. For this purpose, a separate folio for the SBI, CMP Branch, Mumbai will be opened in the register. It will be ensured that the consecutive serial numbers of Debit Scrolls are strictly watched. The missing serial numbers shall be immediately called for from SBI- CMP Centre. The register for Debit Scroll and for Minus Debit Scroll will be maintained separately as per **Annexure 'C' and 'D'** enclosed.

8. In the cases where transactions failed because of wrong account number or IFS Code/MICR Codes, the same will be displayed on the portal and there will be a provision for the Authorizer for amending and rectifying those fields and then authorizing the payment once again. SBI will credit the beneficiaries Accounts. The rejected transactions/record will be displayed on the portal **for 10 days only from the date of rejection**, for amendments and rectifications by the PCsDA/CsDA. On the 11<sup>th</sup> day the same will be cancelled and SBI shall send a debit amendment advice to RBI so that actually paid amount is debited (reduced) from the concerned Defence Proforma Account with RBI. The Minus Debit Scroll (Completely rejected transactions) with the Status Flag 09 (rejected transactions) will be uploaded on the Portal for further action by the PCsDA/CsDA.

This procedure is essential because SBI, after first making payments, debits the Defence Proforma account with RBI with the full amount of the payment file uploaded by the PCsDA/CsDA. SBI comes to know of the rejected transactions from other banks only after a few days. As there are rejected transactions, the amount debited to defence proforma accounts will not tally with the exact payments made by SBI unless amended debit advice is given to RBI.

9. The debit scrolls will be compiled by the Accounts Section on monthly basis. It will be ensured that the scrolls figures received from the CMP branch are maintained

separately. In no case will the transactions received from the CMP Branch be mixed with the transactions of the existing system of manual Focal Point Branch scheme. Registers are also to be maintained separately for the **Debit scrolls (Annexure 'C')** and **Minus Debit scrolls (Annexure 'D')**.

10. The details of the credited and un-credited amounts will also be available in CMP Portal in downloadable pdf file. A copy of the credited and un-credited items will be sent by the D Section to the Accounts Section for linking and pairing of Schedule III and for the reconciliation of the compilation figures. The details of the rejected items shall be given to the Audit Section concerned for further course of action for settlement.

11. The Accounts Section will maintain the Register separately for the rejected amount (items) of the Minus Debit scroll. **The adjustments of the rejected items lying in the Suspense head will be done by the concerned Audit section to which the rejected item pertains. After this adjustment by Audit Section, Accounts Section will link and clear these items from Suspense head.** (The process is similar to linking and pairing of OMROs and DMRROs).

#### **Minus Debit Scroll:**

The Minus Debit scroll is the scroll containing the details of rejected items, i.e. items for which the respective accounts could not be credited at all. An illustration is given below.

A Payment file is uploaded for Rs 50,000 for 50 items. SBI sends the main debit scroll for Rs 50,000/- after effecting payments and debiting the defence proforma a/c with RBI. The main debit scroll amount will be for Rs 50,000/-. However, it is possible that there are cases which get rejected and the accounts not credited for various reasons. This information from other banks generally comes to SBI after few days from the day SBI made these payments. Since these rejections are known only after few days, SBI will send debit amendment advice to RBI to reduce the debit amount from the concerned Defence proforma accordingly. Assuming 10 items for Rs 10,000/- gets rejected. This final rejected amount i.e. Rs 10,000/- of 10 items and the details of the rejected items are sent through a separate scroll. Named it '**Minus Debit scroll**' for understanding and convenience. The accounting of these items has to be done accordingly.

These rejected items will be compiled as minus charge in the 00/020/96 (Un-credited Suspense a/c) by the Accounts section. The same will be cleared by the Audit Section by plus charge to 00/020/96. The suspense account therefore becomes nil.

12. **At the end of the every month, a monthly Punching Medium for the Debit Scrolls (For Payment) and Minus Debit Scroll (For rejected items amount), will be prepared by the Accounts Section as under:**

Annexure-D and Annexure E gives a format of the Debit Scroll Register and Minus Debit Scroll Register to be maintained by each office.

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
28/021/00	50,000				
00/020/91		50,000			
28/021/00		10,000	00/020/96		10,000

13. 'D' Section/DDO will also receive minus debit Scroll along with the details of rejected items.

The 'D' Section /DDO will be responsible to clear the Suspense Head 020/96 in consultation with Audit Section/Accounts Section and also will liaise with SBI-CMP Centre, Mumbai towards clearing the Suspense head.

14. Punching Medium will be prepared by the Audit Section on receipt of the details of rejection amounts mentioned in the Minus Debit scroll from 'D' Section:

(a) In Case the transaction has to be totally cancelled:

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
			020/96	10,000	
			Concerned Service Head (as earlier)		10,000

---OR---

(b) In case of Re-issue the Payment to the beneficiary:

Code Head	Receipts		Code Head	Charges	
	(+)	(-)		(+)	(-)
020/91	10,000		020/96	10,000	

In both the above cases, a copy of the Punching Medium alongwith the complete details may be forwarded to the Accounts Section and 'D' Section for linking & Clearing of the suspense of rejected items.

Note: The re-issue of payment to the beneficiary will be made on the payment order on the form CDA-13.

15. The Category Code "93" may be prefixed with Code Head 020/91 and 020/96 to identify the e-payment made through Cash Management Product (CMP) Centre Mumbai.

**Annexure "A" to SOP on SBI-CMP**

<b>SR NO</b>	<b>FIELD NAME</b>	<b>LENGTH</b>	<b>STRUCTURE</b>	<b>REMARKS</b>
1	CDA Code	6	NUM	Mandatory Field
2	Name of the CDA	25	ALPHA/NUM	Mandatory Field
3	Sub Office Code	6	NUM	Mandatory Field
4	Sub Office Name	25	ALPHA/NUM	Mandatory Field
5	Name of the Beneficiary	40	ALPHA	Mandatory Field
6	Account Number	20	NUM	Mandatory Field
7	IFSC Code	11	ALPHA/NUM	Mandatory Field ( Either field 7 or field 8)
8	MICR Code	9	NUM	Mandatory Field ( Either field 7 or field 8)
9	Account Type	2	NUM	Mandatory Field if field 7 is blank
10	Amount	13	NUM	Mandatory Field (Last two digit will be paisa)
11	Payment Reference Number	12	ALPHA/NUM	Mandatory Field
12	Pay by Date	10	DATE	DD/MM/YYYY Blank for immediate payment
13	Vendor Code	4	NUM	Optional
14	Vendor Address	50	ALPHA/NUM	Optional
15	Bill Number	25	ALPHA/NUM	Optional
16	Bill Date	10	DATE	DD/MM/YYYY Optional
17	Narration	100	ALPHA/NUM	Mandatory Field (Will be printed in Pass Book)
18	E-mail ID of the Beneficiary	50	ALPHA/NUM	Optional
19	Cell Number of the Beneficiary	12	NUM	Optional
20	Additional Field	25	ALPHA/NUM	For PCDA/AO use

**Annexure 'B' to SOP on SBI-CMP**

<b>SR NO</b>	<b>FIELD NAME</b>	<b>LENGTH</b>	<b>STRUCTURE</b>	<b>REMARKS</b>
1	CDA Code	6	NUM	Mandatory Field
2	Name of the CDA	25	ALPHA/NUM	Mandatory Field
3	Sub Office Code	6	NUM	Mandatory Field
4	Sub Office Name	25	ALPHA/NUM	Mandatory Field
5	Name of the Beneficiary	40	ALPHA	Mandatory Field
6	Account Number	20	NUM	Mandatory Field
7	IFSC Code	11	ALPHA/NUM	Mandatory Field ( Either field 7 or field 8)
8	MICR Code	9	NUM	Mandatory Field ( Either field 7 or field 8)
9	Account Type	2	NUM	Mandatory Field if field 7 is blank
10	Amount	13	NUM	Mandatory Field (Last two digit will be paisa)
11	Payment Reference Number	12	ALPHA/NUM	Mandatory Field
12	Pay by Date	10	DATE	DD/MM/YYYY Blank for immediate payment
13	Vendor Code	4	NUM	Optional
14	Vendor Address	50	ALPHA/NUM	Optional
15	Bill Number	25	ALPHA/NUM	Optional
16	Bill Date	10	DATE	DD/MM/YYYY Optional
17	Narration	100	ALPHA/NUM	Mandatory Field (Will be printed in Pass Book)
18	E-mail ID of the Beneficiary	50	ALPHA/NUM	Optional
19	Cell Number of the Beneficiary	12	NUM	Optional
20	Additional Field	25	ALPHA/NUM	For PCDA/AO use
21	Status Flag	2	NUM	01/09 CMP, SBI Use in reverse MIS/Scroll
22	Mode of Payment	4	ALPHA	DCR/ RTGS /NFT/NECS CMP Use in Scroll
23	UTR Reference Number	16	ALPHA/NUM	CMP, SBI Use in reverse MIS/Scroll
24	UTR Date	10	DATE	DD/MM/YYYY CMP, SBI Use in MIS/Scroll
25	CMP Reference Number	12	ALPHA/NUM	Mandatory
25	Scroll Number	4	NUM	Numerical; Mandatory
26	Scroll Date	10	DATE	dd/mm/yyyy; Mandatory
27	Remarks	50	ALPHA/NUM	Input Filename of the Record

**Annexure-C to SOP on SBI-CMP**

**DEBIT SCROLL REGISTER**

**For the Month of April 2013**

(Amount in Rs)

Serial Number	Debit Scroll Number	Date of Debit Scroll	Debit Scroll Amount	Payment File Reference No	Schedule III Reference No and date	Schedule III amount
01	03	01-04-2013	50,000	0404130001003		
02	04	03-04-2013	20,000	0504130002003		
03	05	08-04-2013	40,000	0604130003003		
04	07	16-04-2013	30,000	0704130005003		
05	08	25-04-2013	10,000	0804130006003		
<b>Total</b>			<b>1,50,000</b>			

**Annexure-D to SOP on SBI-CMP**

**MINUS DEBIT SCROLL REGISTER**

**For the Month of April 2013**

Sl. No.	Minus Debit Scroll Number	Date of Minus Debit Scroll	No of uncredited items	Minus Debit Scroll Amount	Original Debit Scroll No	Original Debit Scroll Date
01	03	01-04-2013	2	10,000	55	22-03-2013
02	04	03-04-2013	1	5,000	59	24-03-2013
03	05	11-04-2013	1	3,000	03	01-04-2013
04	06	16-04-2013	1	2,000	05	08-04-2013
05	07	25-04-2013	2	5,000	07	16-04-2013
<b>Total</b>				<b>25,000</b>		

## Chapter - 7

### **FUND SECTION**

7.1. **General:** Under the provisions of Rule 4 of the General Provident Fund (Central Services) Rules, all temporary Government servants after continuous service of one year, all re-employed pensioners (other than those eligible for admission to the contributory Provident Fund) and all permanent Govt. servants shall subscribe to the General Provident Fund. These Rules came into force w.e.f. 1.4.1960 and consequently almost all the Defence Services civilian personnel became subscribers to this fund w.e.f. that date. Under the provisions of Rule 8 of the said rules, the amount of the subscription shall be fixed by the subscriber himself. It shall be expressed in whole rupees and the amount shall not be less than 6% of the subscriber's basic pay (including Grade pay). However, under the existing rules, GPF Rules are applicable to those Central Government Employees only (Except Armed Forces Personnel) who have joined service on or before 31.12.2003. The GPF accounts of non-DRDO civilians posted with DRDO establishments are being maintained by the CDA (Funds) Meerut only.

7.2. **Objectives:** Fund cell of PCDA (R&D) is responsible for maintenance/audit of General Provident Fund Accounts and connected items of work in respect of DRDO Defence civilians. It includes subscribers of the jurisdiction of the CDA (R&D) Bengaluru and Hyderabad also. Objectives of the Section are:

- a. Maintenance of Provident Fund Accounts, timely issue of Annual Account slips (CCO-09) to the subscribers
- b. Expeditious Payment of claims on account of advances/withdrawals in respect of the individuals going to retire within 24 months.
- c. Final settlement of Fund Accounts due to superannuation, death, retirement, resignation and voluntary retirement.

7.3. **Functions:**

7.3.1. **Opening of New GPF Account:**

- a. Admissions to Provident Fund are made on the basis of applications in the prescribed form, from the concerned subscribers. At present, this can be done in cases of employees coming on transfer, deputation or on technical resignation (while the date of first joining in Government service is before 1.1.2004) with counting of past service by the executive authorities.
- b. The individual simultaneously makes a nomination, to facilitate disposal of the fund money that may stand to the credit of the subscriber in the event of his/her death.
- c. The applicants are then admitted to the Fund and allotted 'Account Number' by PCDA (R&D), New Delhi. This Account Number does not change so long as the individual continues to be a subscriber and is an important link to identify the individual's account.

7.3.2. **Receipt and Batch making of GPF Schedules:** Fund Schedules (including debit and credit both) from all the payment sections, sub-offices and R&D Controllers are received in this section by 10<sup>th</sup> of the following month. These schedules are scrutinised by

the Section and ensured that no page of schedule is missing and no extra page of schedule is attached.

**7.3.3. Accounting Procedure:** The procedure for accounting the subscriptions from the day an individual becomes a subscriber is as follows:

- a. Monthly recoveries of subscriptions are made from the monthly pay bills. Schedules of recoveries for subscription are prepared by each R&D Lab/Establishment and sent to the Accounts Office concerned along with the pay bill. The schedules, known as Credit Schedules are checked by the Accounts Office with reference to the recoveries in the pay bills. The total amount of subscriptions is compiled to the GP Fund accounting code head. The amount of schedules is reconciled with the compiled actuals. Thereafter, the schedules are forwarded to the concerned EDP centre (R&D) located at New Delhi, Bangalore, Hyderabad and Pune for posting in the individuals' Accounts.
- b. Fund subscribers are entitled to withdraw either temporarily or permanently, money from their accumulation as per the GPF Rules 1960 (as amended). These payments are recorded in the schedules as 'debit' and these schedules are referred to as 'debit schedules'. In the case of temporary advances, it is treated as loan and the monthly repayments are recovered through Pay Bill and reflected under the column 'Refunds' of the credit schedules.
- c. It is the duty of the Accounts Office to ensure that discrepancies in schedules are reconciled and corrected before the schedules are dispatched to the manual group of the Fund Cell. The manual group verifies that the total amount of the schedules agrees with the compiled actual and takes up discrepancies with the Accounts Office before accepting them for posting in the individual's account.
- d. Interest as admissible in the accumulations at the end of the financial year is calculated at the time of preparation of accounts and incorporated in the statement of accounts.

**7.4. Fund Processing:** Processing of Fund Schedules is a very important item of work and proper maintenance of Fund Accounts largely depends upon maintaining a high level of efficiency and exercising utmost vigilance in the Receipt, Control and Batch Making of Fund Schedules. The manual group of Fund Cell is responsible for

- a. Reconciliation of GPF Schedules amount with Compiled Actuals (monthly)
- b. Batching of monthly GPF Schedules for data entry
- c. Checking of Edit list
- d. Checking of Updation list
- e. Checking of DV wise monthly reconciliation
- f. Checking of Reviews/Super Reviews

#### **7.4.1. On receipt of GPF Schedules**

- a. Enter in the Work Book, the letter No. and Date under which schedules are received.
- b. Check that complete schedules as per forwarding memo have been received.
- c. Send acknowledgement and call for wanting schedules.
- d. Return the wrong schedules indicating the reason thereof.

#### 7.4.2. Comparison with printed compilation

- a. Check that the consolidated total of the compiled actuals separately under receipts and charges for each section (Accounts office) agrees with the figures appearing in the printed compilation of the concerned section.
- b. Check that the sectional totals agree with the totals appearing in the detailed list of vouchers.

#### 7.4.3. Schedule Control Register

- a. Two schedule control registers, one for Credit and another for Debit for each Pay Accounts Office are to be maintained by the task holders.
- b. The task holder will note the total amount compiled in the printed compilation in the month; the total amount for which schedules have been received and regular/adjustment batches prepared, and the balance amount for which schedules are wanting.
- c. The DV No. /TE No. wise amount for which schedules are wanting should also be noted.

#### 7.4.4. Batching of GPF Schedules

- a. On receipt of GPF schedules, it is to be checked that no page of schedule is missing and no extra page of schedule is attached.  
**Note:** The exact amount of schedules against relevant DV in Col. 4 of Schedule Control Register (SCR) and any variation i.e. less or excess compilation between the amount of schedules and in printed compilation in Col. 5 or 6 of SCR should be highlighted.
- b. Prepare convenient batches of schedules with a top sheet showing following information:

Nature of transaction (Credit or Debit)	
Compilation Month/Year	Say 2/88
Batch Month/Year	Say 2/88 or 3/88 (actual month of batch making)
CDA Code	Say 19
Section No.	Say-0700 (DCDA(R&D) Metcalfe House
Batch No.	Say 337
Amount (INR)	Of this batch
Pages of the Batch	Say 69
Items	Say 1203

- Note:** Credit batches are prepared unit wise whereas the debit batches are prepared as per convenience which may be for multiple units also.
- c. For the GPF subscribers whose pay & allowances are being maintained by R&D Controllers but the funds are being maintained by the CDA (Funds) Meerut, separate batches need to be prepared and processed before forwarding the same to the CDA (Funds) Meerut.
- d. Batch Control Register: From this register, a batch No. is allotted. Every month a summary of amount and items is prepared for the purpose of control

of figures. Batch No. is indicated against all the DVs of the batch in col. 8 of S.C. Register.

- e. After Stitching the batches, following should be ensured:
- (i) Batch should be page numbered.
  - (ii) Unit code should be noted on each page of schedule.
  - (iii) Pay bill month and compilation month are indicated correctly on the schedule.
  - (iv) Total items of batch should be counted.
  - (v) Work out total amount of batch and Note the amount just below the entry of last schedules in the batch in Col.4 of SCR.
- e. Summary in Schedule Control Register (SCR): At the end of entries of all the batches, reconciliation of amounts is prepared as under and discrepancy, if any, to be placed under objections and be rectified subsequently:

Amount Compiled, say	= Rs. 19, 70,783
Amount excess compiled, say	= Rs. 2,000 (-)
Amount less compiled, say	= Rs. 1,965(+)

Amount of following batches:

Say 100

Say 101

Say 102

Say 103

Net balance = Rs. 19, 70,748/-

- (i) Net balance should tally with amount of batches. Send all batches to EDP Centre under a Top Sheet for punching. In case, schedules are received belatedly, prepare Adjustment Batch later on (Credit/Debit) and make a reference to the concerned Pay Accounts Office for excess or less compiled amount.
- (ii) After the batches are prepared by the fund section, the same are given/submitted to the EDP centre (R&D) located at New Delhi, Bangalore, Hyderabad and Pune, as the case may be, for keying in the data, and printing of the Edit List.

#### 7.4.5. Action on Edit List

- a. The amount punched by EDP section is not reconciled with concerned DVs for which a list of disputed DV wise edit list is provided by EDP section.
- b. If unit codes in the Schedules and in the Master file do not tally, this could be due to the following reasons:
  - i. The unit code is punched wrongly.
  - ii. The unit code in the master is not updated.
  - iii. The Account No. is punched wrongly and consequently the schedule got linked to a wrong master record.
  - iv. The Account No. is punched correctly but master record is not updated.
- c. Process to rectify the error:
  - i. Items mentioned in Para 4.5 (a) are checked with reference to schedules and adequate corrections such as compilation month, Pay bill month,

- GPF account number and DV number etc. are proposed to EDP section for reconciliation of DVs.
- ii. Items mentioned in Para 4.5 b (i) and (ii) can be rectified with reference to the schedule data and hence cause no problem.
  - iii. Cases mentioned in Para 4.5 b (iii) may cause a problem because it may lead to one individual's credit/debit being posted to another individual's account. It is therefore essential that unit mismatch cases are also checked with reference to names in the master file and in the schedule to ensure 100% correctness of data. To deal with such cases the following action may be taken:
    - a) Extract the Account Number and unit codes from schedule data.
    - b) Print corresponding names from the master.
    - c) Physically verify the printed names with those appearing in the schedules and propose corrections, wherever necessary.
  - d. Reconcile amount of Edit list with the amount of batches. The difference in amount of Edit list and batches can be due to the following reasons:
    - (i) Wrong punching of amount by EDP.
    - (ii) Omission of amount in punching.
    - (iii) Excess or less compiled amount, which could not be deleted at the time of Batch Making.
  - e. Process to rectify the error: Amount of each page of schedule with relevant page of Edit list should be tallied and the difference between the two is reconciled by proposing:
    - i. Amendments to wrong punching amounts.
    - ii. Deletion to excess punched amounts.
    - iii. Insertions for amount omitted in punching on prescribed format.
    - iv. Noting of disputed amounts in "Objection Register".
    - v. After reconciliation of the amount, prepare the following summary on the last page of Edit List and on the Objection Register after noting the objections:
      - a) Amount of Edit List.
      - b) Amount of modifications (-) or (+)
      - c) Amount of Insertions (+)
      - d) Amount of Objections (-) or (+)
      - e) Amount of Batch

The net result of items (i) to (ii) should agree with the amount of (v) above.

- vi. Send amendments on correction format to the EDP Centre giving following information:
  - a) GPF A/c numbers wrongly punched.
  - b) Master Missing cases are noted separately in the objection register for rectification.
  - c) CDA code error corrections.
  - d) Transaction code corrections (i.e. 02 for subscription, 04 for adjustments, 5 debits, 6 for FS cases and 7 for manual interest)
  - e) Corrections to month/year.
  - f) Unit Code errors.
  - g) Volume/batch errors.
  - h) Errors in Subscriptions.

**Note:**

- i. All types of errors must be corrected at the time of checking of Edit List.
- ii. Check – Entries 100% with those manually proposed amendments, propose further amendments on printout itself.

These connected records are submitted to the EDP centre for validation/updation; which after making the relevant corrected entries given an updated list to the manual group for further corrections.

**7.4.6. Action on Updated List:** On receipt of the updated list from EDP, the following checks are made:

- a. Reconciliation of amounts of each batch is done with computer totals and manual totals.
- b. On receipt of revised/reconciled list from EDP section, it is verified with compiled actual and report the mismatch items if any to EDP for rectification.
- c. Propose corrections if any, to the Transaction Code, Unit code, Schedule month/year, Pay Bill month etc.
- d. Enter batch wise totals in register also for the purpose of reconciliation.

**Note:** The above steps/updation will remain operative until error free data is created in System.

**7.4.7. Quarterly Review:** After updating monthly files received from DDP centers, rejected records are forwarded to concerned DDP centers for rectification. Subsequently, missing credit list is generated quarterly by EDP section for further review & reconciliation. During these reviews, generally, following types of errors are rectified:

- a. Master Missing Cases (GPF A/c No. cases)
  - b. Transaction Codes
  - c. Duplicate/Triplicate GPF A/c No. cases.
- a. Master Missing cases arise due to the following reasons:
- i. Punching of incorrect GPF Account Number.
  - ii. Incorrect GPF Account No. reflected in the GPF schedule of the unit.
  - iii. GPF Account Numbers in the schedule and master file tally, but the names do not tally.
  - iv. GPF Account No. has not been allotted to a fresh case.
  - v. The Account if not found in the particular CDA/PCDA (R&D) Master File (Database) but found under another CDA/PCDA (R&D) in a different unit in the All India Master.
- b. Process of rectification of errors:
- i. Punching errors should be corrected.
  - ii. Incorrect GPF Account No., which comes to light should be referred to the unit and simultaneously placed under objection.
  - iii. If account number is missing in the CDA Master, the same will be updated with reference to the relevant records.
  - iv. Temporary Account Numbers may be allotted in the cases where allotment of Fund Account number is awaited.
  - v. Cases which do not find a place in the All India master should be physically verified in the numerical Index Register. In case they are found in the register and the names tally, the CDA/PCDA Master file should be updated.

- c. Duplicate/Triplicate items are found due to following reasons:
  - i. Wrong indication of Pay bill month.
  - ii. Same GPF A/c No. is shown in their GPF schedule by two or more units.
- d. These errors are rectified by verifying GPF schedules. Master Missing items will be verified first in GPF schedules, then in Index Register. In 'Transfer-in-cases', new masters will be created in Master File of computer.
- e. Reconciliation of Amounts: Amount punched by the EDP section is reconciled with reference to book compilation under Code Heads 00/015/01 for PCDA (R&D) and 19/015/01 for CsDA (R&D), Bangalore & Hyderabad respectively with respect to book compilation.

7.4.8. **Super Review:** The EDP Centre at the PCDA (R&D), New Delhi will conduct a Super Review, half yearly in Oct and March every year. Super review would be limited to ensure that the same Account Number is not operated by different CsDA (R&D) and that only numeric data is contained in numeric fields. Cases of this nature found during the review will be rejected and extracted to the concerned CsDA (R&D) for verification.

#### 7.4.9. **Action on Super Review Rejections**

A. How is it corrected?

- (i) Rejected items will be verified from GPF Schedules/Unit index(s) and incorrect GPF A/c No. got deleted and kept under objection in Objection Register.
- (ii) Make reference to pay bills concerned of incorrect GPF A/c No.
- (iii) On receipt of replies from units, verification from manual GPF records will be done and then adjustment will be proposed to EDP and also item deleted from Objection Register.

B. Root causes of items appearing as rejections:

- a. Due to indication of incorrect GPF A/c No. by units.
- b. Due to illegible GPF A/c No. in schedules by units.
- c. Same GPF A/c No. shown in schedules by different (or) same units in respect of different subscribers.
- d. Due to wrong punching of GPF No. by DEOs.
- e. Due to lack of proper check on GPF schedules by Pay Audit Officer while passing bills.
- f. Non submission of pre-printed schedules by units as per Govt. orders.
- g. The other type of errors like Pay Bill month / TR code/CDA code/subs error etc. due to wrong indication of information on GPF schedule by units.
- h. Due to non updation of master file in computer by EDP Centre.

C. How can more improvement be achieved?

- a. By chasing units.
- b. By getting pre-printed schedules.
- c. By exercising 100% checks.
- d. By educating DEOs more about the information in the Head line on GPF Schedules.

- e. By getting/keeping the 'Master File' in computer upto date.
- f. By keeping the reconciliation of amounts upto date at every stage.

7.8. **Printing of Annual GPF Statement (CCO-09):** CCOs-09 are printed for all account holders at the end of each financial year after compliance of the following:

- a. Cleaning of all data for the respective financial year containing credit schedules for and upto Feb and Debit schedules for March, yearly transaction file is generated by EDP centre.
- b. All India GPF master is Updated for change in Date of birth, change in Names and Nominations Master is updated for change in nominations.
- c. Unit Code Master is updated for new units.
- d. Flag removal for non effective GPF accounts.
- e. CCO-09 is generated and printed by EDP section along with nominal rolls CDA wise/Unit wise and GPF A/C No. wise.

7.9. **TYPES OF ADVANCES/WITHDRAWALS**

7.9.1. **Temporary Advance From GP Fund:**

A. Audit of Contingent Bill: Personal file of the subscriber will be obtained and following checks will be exercised:

- a. The name and fund account number indicated on the contingent bill is correct.
- b. It is prepared on IAFA –115.
- c. If the bill has been received in fund section of PCDA (R&D), New Delhi, it should be ensured that the contingent bill is in respect of a person who is due to retire from service within a period of next 24 months with reference to Date of Birth as indicated on the sanction/application.
- d. It is pre-receipted by the individual and stamped.
- e. It is countersigned by the OC Unit/Formation or Head of the Office or an officer who is empowered to do so and the signature it bears is genuine as recorded in the Register of Specimen Signatures.
- f. The amount claimed is correct with reference to the sanction.
- g. The claim is supported by an application on the form prescribed by Min. of Def. No. a9(12)/75D(CIV-II) dated 19.09.75. The mode of payment through which payment is desired has been indicated/stated in the body of the contingent bill/memo forwarding the claim.

B. Scrutiny of Application-cum-Sanction Form: The application-cum-sanction form will be scrutinized to ensure the following:

- a. All the particulars required to be furnished therein have been furnished.
- b. In case of first claim, following particulars have been verified by the pay Audit Officer.
  - (i) The rate of pay of the individual.
  - (ii) Rate of subscription and Refund of withdrawals, if any, commencing after the year for which CCO-9 was last issued.
  - (iii) Ty. Advance paid out of GP Fund during the period after the year for which CCO-9 was issued and the amount of advance outstanding.

- (iv) Final withdrawal (including for payment of insurance premium paid out of G.P. Fund after the year for which CCO-9 was last issued).
  - c. The purpose for which advance from the GP Fund has been applied for and sanctioned is covered under the existing rules of GPF (DS) Rule – 1960.
  - d. The amount of advance sanctioned is within the limits prescribed in GPF (DS) Rule – 1960.
  - e. The amount of credit balance has been correctly worked out and is sufficient to meet the amount of advance applied for by the subscriber.
  - f. It will be ensured that a certificate indicating details of Final Withdrawals/Ty. Advance taken by the subscriber during last twenty four months is furnished by Lab/Establishments and the same is verified by the concerned Pay Accounts office on the format given below Para 7.11.1 (vii) of this chapter regarding Final Payment of GPF/IOFWP FUND/CP Fund Accounts. It will also be ensured that amount of Final Withdrawal/Temporary Advance has correctly been accounted for to avoid over payment to the subscriber.
  - g. The number of installments has been correctly fixed as permissible under the GPF (DS) Rules –1960 and the amount is equally divisible by the number of installments in whole rupees.
  - h. Sanction has been accorded by the competent authority.
  - i. If any variation is pointed out by the pay Audit Officer as a result of verification payment of the amount of Ty. Advance will be restricted to actual entitlement.
- Note:** Amount of refund of advances recovered from subscribers does not qualify for rebate in income tax.

#### C. Action after audit/scrutiny of Contingent Bill/Sanction

- a. Make a reference to pay audit office/DRDO Lab/Establishment, if any additional information is required from them as a result of scrutiny of bill/sanction.
- b. In cases of claims received subsequently, confirmation will be asked if there is any variation between the particular recorded in the application received in support of the first claim and that received subsequently.
- c. Enter the case in the progress register of Temporary Advance.
- d. Watch vigorously the progress of each claim entered in this register till finality. The register will be submitted to AO/GO by the 10<sup>th</sup> of each month with a summary of outstanding bills.
- e. Complete the payment encasement and PM portion of contingent bill. Temporary Advance up to Rs.1,00,000/- will be approved by the AAO and cases above Rs.1,00,000/- will be approved by SAO/AO. However PM up to Rs.5,00,000/- will be approved and signed by the AAO.
- f. Following points will be ensured:
  - i. Ensure that the code head operated is correct.
  - ii. Prepare the cheque slip (in duplicate) where the amount is required to be credited to the Public Fund Account of the DRDO Lab/Establishments.
  - iii. In the case of Gazetted officer, issue the cheque in favour of officer's bankers and invariably forward a duplicate copy of cheque slip to the officer.
  - iv. Ensure that the mode of payment written on the cheque slip is in accordance with that shown by the Lab/Establishments/ Individual on the Contingent Bill/Memo forwarding the claim.

- v. Make an endorsement on the ledger card of the subscriber regarding the amount of advance paid and the month of payment as well as in the Ty. Advance register.
  - vi. Prepare payment intimation memo (in triplicate to be actioned as under) addressed to the unit. A copy of which will also be endorsed invariably to the paying JCDA/AO (R&D) for noting the demand and watching its recovery at his end. Distribution of the memo will be as under:
    - a. Original to the unit.
    - b. Duplicate to pay Audit officer.
    - c. Triplicate office copy in the case file.
  - vii. Submit the Contingent Bill to the SO(A)/AAO for his check and further submission to the Sr. Accounts Officer/ Accounts Officer.
  - viii. See that the Contingent Bill is received back from the Accounts Officer duly passed for payment.
  - ix. Detach the payment intimation memo (all copies) and dispose them of in the manner indicated against (vi) above.
  - x. Pass on the Contingent Bill through transit book to the clerk responsible for the preparation of D.P. Sheet.
  - xi. Verify from the transit book that the D.P. Sheet clerk has duly receipted the Contingent Bill.
  - xii. Watch that the receipt of the payment intimation memo is acknowledged by the pay Audit Officer and the item is linked in the Temporary Advance Register.
- Note:** All payments will only be made electronically.

#### 7.10. Final Withdrawal from GP Fund

A. Audit of Contingent Bill: Obtain the personal file of the subscriber and exercise the following checks to ensure that: -

- i. The Name and Fund Account No indicated in the Contingent Bill is correct.
  - ii. It is prepared on IAFA – 115
  - iii. The Contingent Bill is in respect of a person who is due to retire from service within a period of next 24 months with reference to the Date of Birth/superannuation as indicated on the application for final withdrawal.
  - iv. It is pre-receipted by the individual and stamped.
  - v. It is countersigned by the AO, Lab/Establishments or Head of the office or an officer empowered to do so and the signature it bears is genuine as recorded in the Register of Specimen Signature.
  - vi. The amount claimed is correct with reference to the sanction.
  - vii. The claim is supported by an application on the form prescribed by Min. Of Def. No. 19(12)/75/D (CIV\_II) dated 19.09.85 and latest CCO-9.
  - viii. It will be ensured that a certificate indicating details of Final Withdrawals/Ty. Advance taken by the subscriber during last twenty four months is furnished by Lab/Establishments. and the same is verified by the concerned Pay Accounts office on the format given below Para 7.11.1 (vii) of this chapter regarding Final Payment of GPF/IOFWP FUND/CP Fund Accounts. It will also be ensured that the amount of FW/Ty Adv has correctly been accounted.
- Note:** All payments will be made through ECS/NEFT/CMP only.

B. Scrutiny of Application-Cum-Sanction Form: In the case of first claim/the following particulars have been verified by the Pay Audit Officer.

- i. Pay of the individual.
- ii. His rate of Subscription & Refund of withdrawal if any commencing after the year for which CCO-9 was last issued.
- iii. Ty. Advances paid out of G.P. Fund during the period after the year for which CCO-9 was last issued and the amount of advance still outstanding.
- iv. Final withdrawals (including payment on account of insurance premium) out of G.P. Fund after the year for which CCO-9 was last issued.
- v. The purpose for which Final Withdrawal has been applied for and sanctioned is covered under the existing GPF (DS) Rules – 1960.
- vi. The amount of final withdrawal sanctioned is within the limits prescribed in G.P. Fund (DS) Rules – 1960.
- vii. The amount of credit balance has been correctly worked out and is sufficient to meet the amount claimed by the subscriber. General scrutiny of the ledger card will also be carried out to ensure that sufficient balance exists therein to cover the withdrawals applied for.
- viii. Other conditions for payment of Final Withdrawals as laid down in GP Fund (DS) Rules – 1960 have been fulfilled.
- ix. Sanction has been accorded by the authority competent to do so under GP Fund (DS) Rules.
- x. If any variation is pointed out by the Audit Officer in respect of particulars furnished by the Unit/Formation etc. the amount of final withdrawal will be restricted to actual entitlement.

C. Action after Audit/Scrutiny of Contingent Bill/Sanction

- i. Make a reference to Pay Audit Officer of the Lab/Establishments. and call for any additional information required to admit the bill, as a result of scrutiny of bill/sanction.
- ii. Enter the case in the progress Register of final withdrawals claims before putting it up to SO (A)/AAO.
- iii. In cases of claims received subsequently, confirmation will be asked for only when there are variations between the particulars recorded in support of the first claim on account of Temporary/FW and that received subsequently.
- iv. Watch the progress of each claim entered in this register till finality. The register will be submitted to AO/GO by the 10<sup>th</sup> of each month with a summary of outstanding Bills.

D. Payment of Contingent Bill

- i. Complete the payment encasement and PM portion of contingent bill. Final Withdrawal up to Rs.1,00,000/- will be approved by the AAO and cases above Rs.1,00,000/- will be approved by SAO/AO. However PM up to Rs.5,00,000/- will be approved and signed by the AAO, Fund section.
- ii. Ensure that the code head operated is correct.
- iii. Prepare the cheque slip (in duplicate) where the amount is required to be credited to the Public Fund Account of the concerned Lab/Establishments.

- iv. In the case of Gazetted officer issue the cheque in favour of officer's bankers and invariably forward the duplicate copy of cheque slip to the officer.
  - v. Ensure that the mode of payment written on the cheque slip is in accordance with that shown by the Lab/Establishments/individual on the Contingent. Bill/memo forwarding the claim.
  - vi. Make an endorsement on the ledger card of the subscriber regarding the amount of Final Withdrawal paid and the month of payment as well. Similar endorsement may be made in the Final Withdrawal Register.
  - vii. Prepare Payment intimation memo (in triplicate) to the unit.
    - a) Original to the unit
    - b) Duplicate to the Pay Audit Office
    - c) Triplicate: as office copy in the case file.
- Note:** All payments will only be made electronically.

## 7.11. Final Payment of GPF Accounts

7.11.1. **Scrutiny of Application for Final Payment of Account:** Obtain the personal case file/ledger cards of the subscriber and exercise the following checks:

- i. Final Settlement papers are received under a covering memo through PAO and affixed with 'R' Section seal of the office.
- ii. The name and Fund Account number of the subscriber agrees with that mentioned in Final Settlement Papers/Ledger Cards.
- iii. The application for final settlement of fund is on the prescribed Proforma (i.e. Form 'B' in case of retirement/superannuation etc. cases and Form 'C' in case of death) and it is complete in all respects and duly verified by PAO/CDA.
- iv. The name and Fund Account number of the subscriber agree with that mentioned in Final Settlement Papers/Ledger Cards.
- v. All the Ty. Advance/Final withdrawals shown in the application form are posted/debited in the ledger account of the subscriber.
- vi. A Contingent Bill Pre-receipted by the claimant with revenue stamp, duly countersigned by an officer of the Lab/Establishments empowered to do so is attached, indicating mode of payment and Bank account details (i.e. Bank account No. IFS code, MICR code, Bank and Branch name) for issue of cheques through ECS/RTGS/NEFT/CMP. In case of death of the subscriber, details of his/her Basic Pay, Grade pay will also be verified to determine the entitlement of DLIS amount. For this purpose a certificate in this regard will be asked from Lab/Establishments duly verified by Pay Accounts Office.
- vii. It will be ensured that a statement indicating the details of Final Withdrawals/Ty. Advance drawn by the individual during last 24 months is received from the Lab/Establishments. Duly verified by the concerned Pay Accounts office. It will also be ensured that the amount of FW/Ty Advance has correctly been accounted for. The prescribed format of certificate is given below:

### Certificate:

Certified that Shri/Ms\_\_\_\_\_ GPF A/C No.\_\_\_\_\_of\_\_\_\_\_ (Name of Lab/Establishments) has drawn following Temporary Advance/ Final Withdrawals from his/her GPF account during last twenty four months:

Sl. No.	Amount of temporary advance/withdrawal	DV No./month/year

Signature of Accounts Officer  
DRDO Lab/Establishments.  
(Affix rubber stamp)

Dated.....

The above details are verified (by audit office)

Auditor	AAO	SAO/AO
Date.....	Date:.....	Date.....

**7.11.2. Review of Ledger Cards:** Scrutinize the ledger cards of last 5 years or more, as deemed necessary, on the merit of each case to ensure the following:

- a. All the subscription/refund of advances is posted in the ledger card.
- b. No superfluous Credits/Debits exist in the account.
- c. All Debits on account of LIC Policy, if any, stand posted in the cards.
- d. All Final Withdrawals noted in the ledger cards are as per intimation letter (Form 'B') posted/debited in the ledger account.
- e. If the individual happens to be an earlier subscriber towards IOFWP/CP Fund, it will be ensured that the IOFWP Fund/CP Fund assets are transferred to GP Fund Account and Govt. Contribution resumed to Govt., if the entire period of the service covered by CP Fund counts for pension.
- f. Necessary adjustments as a result of review of ledger account are carried out and accounted for, to arrive at Final sum payable to subscriber.

**7.11.3. Calculation of Interest:** The rate of interest admissible during each financial year on deposits and balances at the credit of the subscribers to GP Fund is notified by the Government of India. The interest at the prescribed rates from time to time will be calculated and credited to subscriber account as under:

- a. **Final Settlement cases (FS):** Normally interest on FS accounts will be allowed upto the end of the month preceding that in which payment is made or up to the end of sixth month after the month in which such amount became payable whichever of these period is less. No condition is imposed in the rule for payments of interest for six months. The effect of the rule is that, if a subscriber or his/her nominee/claimant does not draw the amount until six or more months have elapsed since the end of the month in which the amount became payable, interest is allowed for a period of six months only and no more. The reasons for non withdrawal are immaterial.

**Note 1:** In relaxation of the normal rules, Heads of the Accounts Offices are authorized to admit interest beyond a period of six months upto a period of one year after they have personally satisfied that delay in payment was

occasioned by circumstances beyond the control of the subscriber and that administrative delays involved in the matter have been fully investigated and action taken as necessary.

- b. **In case of transfer from one Government to another:** Adjustment of proportionate interest charged on the balance of Provident Accounts transferred from one government to another. Whenever permanent transfer of subscribers is made from one government to another, the transferring government should bear interest charges on the subscribers provident balances to the end of the month preceding that in which such balances are transferred. The interest for the broken period of the financial year should be credited by the transferring government to the transferred government along with the balances at the credit of the subscribers concerned and should be shown as separate items. The interim interest for the part of the year should be kept separately in the books of the receiving Accounts Officer, and should not at that stage be added to the balances of the subscribers. While interest due for the year in respect of the concerned subscribers should be worked out in the normal manner, financial compilation on account of interest for the year will be made less to the extent of interest received from the transferring government. Necessary note regarding receipt of interest from the transferring government should also be kept in the ledger cards/ other records to ensure that financial adjustments on account of interest at the end of the year are properly carried out.
- c. **In case of transfer of accounts among Controllers of Defence Accounts,** interest should be adjusted only upto the financial year preceding that in which the transfer takes place and this fact should be indicated while transferring the accounts.

**Note:** Interest on recoveries etc., in respect of subscribers on deputation to other departments of the Central Government or a State Government is calculated as under:-

- (i) Where subscriptions etc. are recovered from the emoluments but credits are received late from the Civil AGs/Pay & Accounts Officers, interest is admissible from the first day of the month in which the amounts are recovered.
- (ii) Where the amount is forwarded by the subscriber in the above cases and all other cases of deputation, interest is given from the first day of the month if the amount is remitted into treasury before the fifth day of the month (i.e. date of MRO and not cheque or draft) and from the first day of next month if deposited on or after the 5<sup>th</sup> day of the month.

7.11.4. **Entry in Broad Sheet:** An endorsement regarding finalization of the account will also be made on the latest Broad Sheet which will be attested by the SO (A)/AAO/AO.

7.11.5. **Preparation of Tender Memo:** The task holder will prepare tender memo in triplicate and after getting checked by SO (A)/AAO and approved by SAO/AO, the original copy of the Tender Memo will be dispatched to the Unit, 2<sup>nd</sup> copy to Accounts Office for information and 3<sup>rd</sup> copy will be the office copy.

7.12. **Audit and Payment of Contingent Bills:**

- a. The Contingent Bill bears the special seal of 'R' Section and is duly diarized. No bill should be accepted which does not bear this seal.
- b. The name and Fund A/C No. of the subscribers agree with those mentioned in final settlement papers/ledger cards.
- c. It is prepared on IAFA-115.
- d. It is pre-receipted by the subscriber/nominees with Revenue Stamp.
- e. It is countersigned by the Head of the Office or an officer of the Lab/Establishments empowered to do so.
- f. The mode of payment has been indicated/stated in the body of the Contingent bill/memo forwarding the claim.
- g. The amount to be paid is correctly filled, in the Contingent Bill as per Tender Memo
- h. The amount to be paid is correct and tallies with the amount indicated in the Tender Memo/calculation sheet.
- i. Make an endorsement of payment on the Broad Sheet and Tender Memo under the dated initials of the AO/SAO.
- j. Complete the payment encasement and P.M. portion of the contingent bill under the dated initials of SO (A)/AAO/SAO/AO as the case may be.
- k. All final settlement cases will be approved by the SAO/AO only. However PM up to Rs. 5,00,000/- will be approved and signed by the AAO.
- l. Ensure that the code head operated is correct.
- m. Prepare the cheque- slip in duplicate where the amount is required to be credited to the Public Fund Account of the Defence Lab/Establishments.
- n. Ensure that the cuttings/alterations in the payment order are attested by Auditor/AAO under dated signature of the SAO/AO.
- o. Prepare payment intimation memo in triplicate to be acted as under:
  - (i) Original copy to the Lab/Establishments.
  - (ii) Duplicate copy to the pay audit officer.
  - (iii) Triplicate office copy of the case file.
- p. Ensure that the Contingent Bill submitted for approval is received back from the AAO/AO duly passed for payment
- q. Ensure that Contingent Bill is entered in the bill register and all the columns are properly completed under dated initials of Auditor /SO (A)/AAO.
- r. In death cases the following additional points will be checked:
  - (i) The original nominations are verified from the personal file of the subscriber and ensure that the name of the nominee /alternate nominee mentioned therein tallies with the name of the claimant.
  - (ii) The amount of D.L.I.S. is correctly calculated and booked to the D.L.I.S. Head (00/008/11) separately.

Sl. No.	Units Name & Date of Contingent Bill	Name of Payee	Code Head	Amount	Full signature of payment Task Holder	Dated initial of SO(A)/AAO
1	2	3	4	5	6	7

- (iii) Ensure that the Contingent Bill is passed on personally through the transit book. The Auditor/Clerk (task holder) is responsible for preparation of D.P. Sheet and obtain AAO's full signature.
- (iv) Ensure that the amount of interest for the current year, the name of the group & name of the Accounts Office from whom claim was received is prominently shown on the top of the payment order.

G. Action on the Part of D.P. Sheet Clerk/AAO

- a. Ensure that all cutting/alternations in the payment order are attested by the Auditor/SO (A)/AAO/AO.
- b. Ensure that the, FW Register No. is clearly indicated in the bill.
- c. Ensure that the Bill is entered in the Bill Register and all columns are properly completed under full dated signatures.
- d. Ensure that the pay order is signed by the Auditor/SO (A)/AAO/SAO/AO of the concerned group.
- e. Ensure that all columns on pay order and Contingent Bill are correct.
- f. Ensure that P.M has been signed by the AAO/SAO/AO of the concerned group.
- g. Ensure that the D.P. Sheet is duly signed and entries in D.P. Sheet are authenticated.
- h. Ensure that the year wise interest is shown separately, in the column provided for the same.
- i. Ensure that an endorsement ' F.P. (Finally Paid)' is prominently indicated in the D.P. Sheet Register
- j. Ensure that in death case DLIS is shown and booked separately.
- k. Ensure that the dated initials of the 'D' Section auditor are obtained in the D.P. Sheet Register while handing over the D.P. Sheet.

7.13. **Review of Ledger Cards:** Superannuation review of Ledger Cards in respect of the fund subscriber retiring in next 18-24 months is essential to ensure that the GP Funds Accounts of the subscribers depict the real picture of their accounts. It also facilitates early payment to the subscribers or to their families as the case may be on their retirement/resignation, discharge or death.

7.13.1. **Types of Discrepancies:** While reviewing the ledger cards, the following types of discrepancies are normally observed in the accounts of the subscribers for adjustment in the subsequent year's account:

- a. Short credits on account of regular subscription/refund of withdrawals.
- b. Non posting of Debits on account of Ty. Advance/Final Withdrawal
- c. Wrong posting of Debits on account of Ty. Advance/Final Withdrawal.
- d. Excess postings on account of subscription/refund of withdrawal.
- e. Omission of interest/bonus where admissible.

7.13.2 **Checks to be conducted while reviewing Ledger Cards**

- a. All the regular Subscription/Refund of withdrawal have been received and posted regularly.
- b. No superfluous Credit/Debit exists in the subscribers Account.
- c. Where credits on account of refund of withdrawals have been posted in the ledger card, care should be taken to ensure that corresponding debits are also posted.

- d. All final withdrawals noted on the Ledger Card on the basis of form 'B' received from Lab/Establishments. or AAO's are duly accounted for, in the respective year's account.
- e. Instance may come to notice, where Ledger Card for a particular year or years are missing from the subscriber's personal case file/Ledger Account. Review in such cases may be carried out with reference to the broad sheets of that particulars year or years.

7.14. **Review of Minor/Minus Balance Cases:** The purpose of Review of Minor/Minus balance cases is to ascertain the reasons for its running into minus balance and take appropriate and immediate action for rectification.

7.15. **Reasons for Minus/Minor Balances:** The cases of Minor/Minus Balances arise due to the following reasons:

- a. Interest allowed at the time of Final Settlement but not punched or interest punched for whole year but allowed for part of the year.
- b. Excess/Less subscription posted in the ledger card adjusted at the time of Final Settlement but omitted to be punched.
- c. Amount of DLIS punched in the code of GPF i.e. 00/015/01 instead of DLIS code head.
- d. Debit/credit of other GPF a/c punched which may be due to the following reasons:
  - (i) Wrong GPF A/c No. shown in the schedule by the Lab/Establishments.
  - (ii) At the time of Final Settlement wrong account No. shown in the D.P. Sheet.
  - (iii) A/c No. of CPF/IOFWPF punched in GPF A/c No.
  - (iv) At the time of adjustment, wrong No. shown in the adjustment register.
  - (v) Amount punched in Fictitious Account No. due to manual/computer error.
- e. Punching of plus (+) instead of minus (-) or vice-versa due to error by the Schedule Control Group/EDP Centre.
- f. Wrong preparation of P.M. at the time of Final Settlement
- g. Double debit due to error committed by schedule control task holder or two DVs for one and the same debit prepared by the respective Accounts Office.
- h. Over payment/under payment due to wrong certificate furnished by the Labs/Establishments and verified by concerned PAO.
- i. Apart from the above reasons, Fund Accounts may come to minus due to frequent/heavy advances by Accounts Offices without verifying actual credit balance shown in CCO-9.
- j. Advances allowed in anticipation of transfer from GPF/IOFWF etc.
- k. Double adjustment of credits in the Fund Accounts.
- l. Other reasons such as negligence on the part of Audit Officer/EDP wrong adjustments etc.

7.16. **No Transaction cases:** Cases of fund accounts where there is no transactions for long period for the following reasons may be dealt with as per the procedure given in succeeding paragraph.

7.17. **Unclaimed and lapsed Deposits:**

- a. Credit balances of subscribers which become payable but remain unclaimed for six months will be transferred to the credit of "Unclaimed Deposits" at the

end of the year through transfer entry, by contra debit to the concerned fund head.

- b. The amounts transferred to unclaimed deposits are posted in the "Register of unclaimed deposits" – Form IAFA 525 showing full particulars of each account. Separate registers are maintained for the various Provident Funds.

**Note:** Particulars of transfer and item No. of the unclaimed deposit register are to be Noted in the ledger cards/consolidated accounts, as may be, over the initials of the Gazetted Officer.

- c. When payments are made subsequently particulars of payments are entered in the unclaimed register concerned and also linked with the original items in the register.
- d. After the close of the March (Preliminary) accounts, items outstanding in the registers of unclaimed deposits are reviewed and amounts remaining unclaimed for three years exclusive of the year in which the deposits were made, and all balances of not more than one rupee in amount, are transferred in the March (Final) accounts to "Lapsed Deposits", Agreeably to Para 214 Defence Account Code (Edition-2010), by contra debit to the unclaimed deposit head concerned.
- e. Deposits credited to Government as above will not be refunded without the sanction of the PCDA/CDA(R&D) who will authorize payment on ascertaining that the amount was really received and was carried to the credit of the Government as lapsed and that the claimant's identity and title of the money are certified by the officer signing the application for refund. To enable PCDA to accord sanction, explanation from the Claimants/ Administrative authorities justifying delay in claiming the amounts will also be necessary. Payment when made should be noted in the ledger cards and also linked with the items in the "Unclaimed Register" concerned.

**Note:** Payments of claims for lapsed deposits are invariably made by the Accounts Officer concerned.

- f. The balances under "Unclaimed Deposit" head as per financial compilations in respect of each of the Provident Funds should be fully reconciled with those in the relevant registers and the amounts included in the review of balances.

#### 7.18. **Review of Balances:**

- a. Instructions on object and procedure for preparation of the reports on review of balances are contained in Para 233 et. Seq. of the Defence Accounts Code and orders issued from time to time.
- b. After the financial accounts of a year are finally closed and work on preparation/posting of ledger cards is over, the ledger balances (balances as per statements of closing balances) in respect of each provident fund should be reconciled with those as per financial compilation. The differences should also be fully located and necessary action taken to adjust/readjust the amounts as necessary. Statements showing balances (both as per compilation

and ledgers), differences, if any, between two sets of figures and reasons for the differences and action taken in the matter should be prepared in respect of each fund for incorporation in the review of balances.

**Note:** Reports of review of balances are also required in respect of "Unclaimed deposits" for the Provident Funds concerned.

7.19 The Fund Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which are to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – FUND SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Instruction Order Register
6.	Final Settlement register
7.	Final Withdrawal register
8.	D.V. register
9.	Specimen Signature register
10.	Punching Media Class-VIII
11.	Punching Media Class-II
12.	Name correction register
13.	Date of birth correction register
14.	Nomination correction register
15.	Addition to the master register
16.	G.P.F. number allotment register
17.	Flag removal register
18.	CCO-9 dispatch register
19.	G.P.F. schedule control register
20.	Movement order register
21.	Unclaimed deposit register

## List of Reports &amp; Returns - Fund Section

Sl. No.	Nature of Report & Returns	Periodicity	Due Date	To whom sent
1.	Weekly Progress Report	Weekly	Every Friday	O&M
2.	Monthly Leave statement Report	Monthly	5 <sup>th</sup> of the following month	AN – I
3.	Monthly Progress Report	Monthly	5 <sup>th</sup> of the following month	AN – I
4.	Section Compilation Report	Monthly	10 <sup>th</sup> of Every month	A/C-I
5.	D.D.P. Report	Quarterly	5 <sup>th</sup> of the following Month of the QE	CGDA
6.	Hindi Quarterly Progress Report	Quarterly	5 <sup>th</sup> of the following Month of the QE	Hindi Cell
7.	Target Achievement Report	Quarterly	5 <sup>th</sup> of the following Month of the QE	IA Cell
8.	Annual report on printing & dispatch of GPF Statement	Yearly	1 <sup>st</sup> week of November	CGDA

**CHAPTER – 8**  
**PAY SECTION**

**8.1. Objectives:**

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

**8.2. Duties:**

- a. Payment and audit of all claims to pay and allowances, other than travelling and daily allowances, in respect of DRDO personnel paid from the Defence Services Estimates.

**Note:** Check rolls on accounts of pay of industrial employees are post-audited locally by LAO.

- b. Payment and recovery of leave salary and pension contributions in respect of civilian personnel lent for service to and from civil Departments of the Central Government and the various State and foreign Government, statutory bodies etc.
- c. Classification of all receipts and payments on account of pay bills or other claims dealt with in the section.

**8.3. Audit of Monthly Pay Bills and Related Items of Work:** The pay bills for pay and allowances in respect of DRDO personnel are prepared by the Labs/Establishments and submitted to PCDA/CDA Office. Further pay bills in respect of DRDO personnel joining Govt. service on or after 01-01-2004 (i.e. covered under New Pension Scheme) are to be prepared by the Labs/Establishments Authorities separately and submitted to PCDA/CDA Office.

**8.3.1.** Following procedure will be observed while passing pay bills:

- a. After exercising the prescribed audit checks, a payment encasement and classification portion of pay bill is made. The bill is submitted with all the relevant vouchers to the AAO/AO/SAO for review/passing.
- b. Once the bill is passed the same is processed in the Office automation for printing of cheque slips, PM and DP Sheet and forwarded to Disbursement section for payment.

- c. The audit of pay bills will be so conducted that cheques in payment thereof may be issued well in advance so as to ensure that pay is credited on the last working day of the month. Further alterations to the pay bills will be intimated to the concerned office.
- d. Where officer's pay are to be remitted into individuals account, details of the bank account, net pay etc of the individuals are to be communicated to the concerned bank at least three working days in advance.
- e. The points to be seen in the audit of Pay Bills are indicated in the succeeding Para.

**8.4. Pay and allowances:**

- a. The pay bills are prepared in the prescribed format, Serial No. and Date (Control No.) allotted and forwarded to the PCDA/CDA (R&D). Arrears of pay and allowance claimed on account of increment, pay fixation, grant of DA, refund of pay and allowances etc. should be drawn only on supplementary pay bills and not through regular monthly pay bills.
- b. Specimen signature of the officer counter signing Pay bills is verified with reference to the Specimen Signature Register and endorsement to that effect is made on the pay bill.
- c. Sanctioned strength indicated in the Pay bill tallies with strength check statement and other Orders/Notification/ Sanctions.
- d. Check that the total number of each category of Establishments for whom pay has been drawn in the bills agrees with paid strength exhibited in the strength check statement and the paid strength does not exceed authorized strength.
- e. Ensure that all the entitlements are paid and recoveries made as per prescribed rules issued by Government of India from time to time and with reference to Demand Registers.
- f. Names, designation and rates of pay and allowances shown on credit side and deductions on account of funds/PLI, Income Tax on debit side etc. in the current pay bill are to be checked with last charge and endorsed as 'Last Charge Linked' on the payment encasement.
- g. Both horizontal and vertical totals are to be checked and to see that the balances are correctly brought forward.
- h. Change of Pay: All the changes in pay column are duly supported by relevant documents.
- i. Increments: Increments sanctioned are to be supported by Daily Order Part II and the rate of increment is correct.

- j. Re-employed Pensioners : Verify that the pay of Re-employed pensioners included in the pay bill agrees with the pay already fixed or validated by orders of Competent Authority and that any constant deductions ordered in the pay fixation are made.
- k. Rate of HRA claimed is appropriate according to the classification of duty station as indicated in Government letters amended from time to time. Relevant certificate for drawl of House Rent Allowance has been given in the bills.
- l. Special Pay: Wherever special pay is sanctioned for carrying out additional duties DO Pt II Order is to be looked into. The correctness of such special pay needs to be checked with reference to the sanction and its validity.
- m. Fresh Appointments: All fresh appointments are supported with DO Pt. II, duly indicating the Date of Birth.
- n. L.P.C. (Last Pay Certificate):
  - i. In case of transfer out cases within the same audit area, rates of pay and allowances and dates up to which last pay drawn etc., indicated in the LPC should as far as possible be verified with reference to the last pay bill. All the outstanding demands should be noted in personal certificate/LPC. When an advance is outstanding the original amount, the amount repaid, the balance due and details of interest, if any, will be noted on the last pay certificate. Provisions for reflecting the unrecovered balance on account of advances in the LPC and preparation of the PM to transfer the balance of advances due from the individual has been transferred have been laid down in Para 386 of OM Part II Vol. I. Provisions in regard to preparation of DID Schedules and action to be taken by the Originating/Responding CDA/PCDA have also been laid down in Para 111 to 122 of Defence Accounts Code and Para 210 to 228 of OM Part II Vol. I. TO exercise a watch over the prompt issue of LPC, a register on IAF (CDA)-70 is required to be maintained in the Audit Sections as per fly leaf instructions given at Sl. No. 11 of OM II Vol. II. Entries in the register will be made immediately on receipt of intimation regarding transfer of an individual to another audit jurisdiction. The number and date of LPC is noted against the relevant entries in the register and acknowledgement is watched. To ensure that DID Schedules are raised invariably in all the cases, where the balances of various advances outstanding against an individual are being reflected in

LPCs and required to be transferred through DID Schedule, a separate column indicating the DID Schedule No. and date may also be incorporated in the LPC (Out) Register. Since the LPC (out) register is reviewed weekly by AAO and monthly by the AO/SAO, they will be responsible not only for watching timely issue of LPC but also timely issue of DID Schedule. Recoveries actually made upto date during each month in the current financial year should be attached for the purpose of Income Tax calculation. Further, having reflected the outstanding demands, an encasement in the demand register will be made.

- ii. Check the rates in cases of those transferred from other audit area with the LPC received from the audit office or certificate furnished by the individuals duly countersigned by DDO. In the latter cases, the payments will be entered in provisional payment register to watch receipt of LPC from other CDA. A memo calling for LPC will also be sent to the concerned CDA. On receipt of LPC, the rates paid, demands recovered based on personal certificates will be verified with LPC so as to ensure that payment is made only beyond the date up to which the individual was last paid as shown in the LPC.
- iii. If at any stage after an officer has been transferred to the audit area of another Controller, it comes to notice that a certain sum is due to/from him the amount in question will be communicated to the concerned Controller through a memo only under intimation to the unit/formation concerned with which the officer is serving. Payment authorities will be encased with the special "Payment Authority Seal" bearing the name of the office of issue".
- o. Disciplinary Case: Ensure that pay of an individual was not paid in excess of entitlement or the dues as determined/ordered by the competent authority, penalty if any has been taken into account in this regard.
- p. Suspension:
  - a. If the individual is under suspension, the subsistence allowance and other allowances due to him only are required to be paid. Watch for extension of sanction for payment of subsistence allowance, if period of suspension exceeds 6 months. Ensure that the competent authority passes orders regarding rate of subsistence allowance on expiry of 3 months period of suspension. Ensure that this rate is further reviewed by him periodically.

- b. DA during suspension period will be calculated on subsistence allowance i.e. on half pay or the actual pay in receipt of.
  - c. HRA may however, be paid at the rates, which he was in receipt of at the time of suspension.
  - d. Ensure that the claim is supported by a declaration of the Govt. servant that he is not engaging himself in any other employment/business profession on vacation during such period.
  - e. After reinstatement of an individual under suspension, only such portion of pay as ordered by Competent Authority is to be paid after deducting subsistence allowance already paid for the period of suspension. If the individual is honorably acquitted, he will be eligible for full pay and allowances after deducting subsistence allowance already paid.
- q. Recoveries:
- i. The correctness of recoveries on account of funds, PLI premium, conveyance, HBA and computer advance, flood advance, Festival and Fan advance made in the bill are to be checked. Reconcile these recoveries with details/amounts shown in respective schedules attached with the pay bill and tally the total of recoveries under each category in the bill with the totals in schedules and enter them in demand register.
  - ii. Income Tax: Necessary checks are required to be carried out to ensure that income tax due from the Government Servant for the financial year is deducted proportionately every month.
  - iii. Fund Account No. : The correctness of Fund Account Nos. shown in fund schedules and PLI Policy No. shown in schedules are to be checked.
  - iv. Subscription of PF/NPS : It may be ensured that recoveries of subscriptions to GPF is not less than the minimum 6% of pay and not more than basic pay (plus GP). In case of bills pertaining to NPS employees, the employee's contribution @10% of the Basic pay (Pay + GP) plus DA is recovered. Further an equal matching Govt. contribution is to be admitted.
- r. Bonus: Adhoc bonus is sanctioned to all central Government employees upto Group 'B' (Non Gazetted without pay limit) who are not governed under any other bonus scheme. It is to be verified that adhoc bonus claimed is correct and within permissible limits as notified by Govt. of India for each year. EOL

period should be taken into account to arrive at the entitlement. In case the individual is promoted to Gazetted cadre, proportionate Bonus is admissible.

- s. Leave Salary:
  - i. All Govt. servants shall be entitled to leave salary equal to the pay drawn immediately before proceeding on earned leave.
  - ii. During HPL, leave salary will be ½ of the amount mentioned above.
  - iii. During Leave not due, leave salary will also be ½ of the amount mentioned above.
  - iv. During EOL – No leave salary.
- t. Demand Register : Recovery of demands are to be entered in the Demand Registers (DR) (I.A.F.A.-590).at the time of passing bills and review of Demand Registers is required to be carried out to ensure that all items in Demand Registers due for recovery have been recovered. To facilitate easy postings while comparing, note down in pay bill DR item No. and Page No. against each demand recovered in the pay bill.
- u. License Fee Bill:
  - i. Ensure that all rent bill recoveries have been made in the bill from the LF bills already filed in guard file. Link the recovery in the Rent Bill.
  - ii. On receipt of LF bills the same may be examined to see that all LF bills shown in the top list have been received. The LF bills will be posted in the Guard file maintained Lab/Establishments wise. These guard files will form the demand register. A control No. should be allotted to each Guard file. Acknowledgement is required to be rendered to AAO BSO concerned.
  - iii. As soon as monthly pay bills are received, ensure recovery of License Fee and allied charges in the pay bill as per LF bill and an endorsement to the effect that the "Recovered in the Pay Bill for the month of" is made in the LF Bill. The details of recoveries of the LF are to be uploaded each month on the website of the Directorate of Estate, Ministry of Urban Development, wherever applicable.
  - iv. Ensure that recoveries are compiled to respective code heads.
  - v. If it is a Refund LF Bill, verify that the original LF bill quoted therein has been received and recovery made and then only refund may be admitted. After linking the original LF Bill with the refund LF Bill, refund LF bill attached to the claim may be cancelled and also the bill filed in the guard file with endorsement 'Refunded through pay bill no. and date'. Refunds made are to be compiled properly as minus receipts to appropriate code heads.

- v. CGEIS:
  - i. It is to be ensured that recoveries on account of monthly subscription of CGEIS are made from all individuals at the appropriate rates as mentioned in Govt. order as amended from time to time.
  - ii. In the case of fresh appointment in a month, it may be ensured that insurance fund only is admitted till the next anniversary of fund i.e. till December of the year and that regular subscriptions at prescribed rates are recovered accordingly i.e. from January of next year.
  - iii. In the case of promotion of an individual effecting change of group, it is to be ensured that enhanced subscriptions at prescribed rates are recovered accordingly w.e.f. January next year.
- w. Date of Superannuation: Date of Birth shown against each name is to be verified in the pay bill to ensure that the pay & allowances in respect of individuals superannuating within next three months has been claimed separately through supplementary pay bill.
- x. LPC Register:
  - i. The cases where LPC to be issued in respect of transfer outside the audit jurisdiction, are to be noted in the LPC outward register. It is to be ensured that necessary DIDS is raised in respect of the outstanding demands shown in the LPC only in respect of interest bearing advances.
  - ii. The LPC in respect of transfer in cases are to be called for from Labs/Establishments concerned. Receipt of DIDS in respect of interest bearing advances will be watched and responded.
- y. Linking of bills: Link relevant previous bills in respect of arrears claimed and admitted or recoveries made.
- z. Provisional Payment:
  - i. The orders for provisional payment where necessary may be obtained from the CDA/PCDA on request. These payments should be noted in Provisional Payment register. The Lab/Establishments may be informed of the fact that payment is provisional and advice them to obtain requisite LPC from the concerned transferee audit officer.
  - ii. Last charge is to be linked while admitting pay and allowances and an endorsement to be made duly indicating DV No. and Month of last charge.
  - iii. Remarks column of the bill is to be scrutinized for any special remarks and ensure that necessary adjustments arising from the entries are made.

- aa. Scheduling: After processing of regular pay bills, copies of recovery/GPF schedules are to be sent to the Accounts/Fund sections respectively. Similarly NPS schedules in respect of both regular & supplementary pay bill are to be sent to the concerned task holder/section for file preparation and uploading of SCF. In case of officers on deputation to DRDO Labs/Establishments and whose fund is being maintained by other Controllers, credit schedules to be sent to the concerned office inter-alia raising DIDS.
- bb. NPS task: All the new entrants i.e. employees joining Govt. service on or after 01.01.2004 are allotted a PRAN (Permanent Retirement Account Number). For this S-1 form duly completed in all respect received in the section will be scrutinized and sent to the CRA-NSDL for issue of PRAN etc.
- i. In case of change in details e.g. address, nomination, bank etc. an S2 form duly completed is sent to this section by the concerned DDOs for sending the same to CRA, NSDL for correction. In case of lost/damage of PRAN, re-issue of PRAN etc., S-2 form is to be submitted.
  - ii. Accounting of NPS subscription:
    - a) The details mentioned in the NPS schedule, received duly quoting the DV No. month etc. are fed into the file preparation unit (FPU) (i.e. facility provided by NSDL) to generate the Subscriber's Contribution Form (SCF).
    - b) Subscriber's Contribution Form (SCF) is validated thereafter with the help of File validation utility (FVU) module. Since the FVU validate only text file a control sheet is generated in HTML file format incorporating the details as to no. of subscribers, no. of DDOs involved, total amount of subscriber's contribution & amount of Govt. contribution, type of file, registration no. of PAO concerned etc.
    - c) After validation is done a file with extension '.fvu' is generated and is uploaded online in NPS Computerised Accounting Network (NPSCAN). The details can be viewed by the PAO after login their account. The details can also be edited after login the PAO account.
    - d) After uploading of FVU file, a batch id is issued along with file reference number in token of uploading of Subscriber's Contribution Form (SCF). The file status can be viewed through NPSCAN after entering the file reference no.

- e) After entering the file reference no. status is displayed with the transaction id, amount, file uploaded status, error, if any, and Contribution submission form (CSF).
- f) The CSF is downloaded and print out of the same is taken. A contingent bill is prepared on the basis of the CSF and the same is submitted for passing. The bill is processed for printing of PM, Cheque slip and DP sheet through pay module. A copy of the CSF or details thereof is to be intimated to the concerned bank for crediting the NPS account in the Trustee bank.

### 8.5. Incentives for Scientific and Technical Personnel

(Under the provisions of Department Of Defence Research and Development letter No. DHRD/85101/INCENTIVE/6<sup>th</sup> CPC/C/P/02/467/D(R&D) dated 6<sup>th</sup> Mar 09)

**8.5.1. Grant of variable increments on promotion based meritorious performance:** This scheme is applicable to DRDO personnel. Salient features of the scheme are as under:

<b>In respect of Defence Research Technical Cadre (DRTC) in DRDO</b>		<b>In respect of Defence Research and Development Service (DRDS) in DRDO</b>	
(a) Scheme is effective from 1 <sup>st</sup> January, 2009		Scheme is effective from 1 <sup>st</sup> January, 2009	
(ii) Variable increments upto a maximum of three to be granted at the time of promotion to DRTC personnel.		Variable increments upto a maximum of six to be granted to deserving scientists at the time of promotion.	
(iii) Variable increments are to be granted at the time of promotion only. Therefore, at entry level i.e. Tech-'A' and STA-'B', variable increments are not to be granted.			
(i) Value of one increment as prescribed is to be granted as follows:		Value of one increment is prescribed as per promotion grade subject to monetary ceiling of Rs.10,000/-.	
Promotion from lower grade pay to next higher grade pay Rs. 1900 – 2400	Value of one increment	Promotion from lower grade pay to next higher grade pay Rs.5400 – 6600 Rs. 6600 – 7600	Value of one increment

Rs. 2400 – 2800		Rs. 7600 – 8700	
Rs. 2800 – 4200	Rs.300	Rs. 8700 – 8900	Rs.760
Rs. 4200 – 4600	Rs.340	Rs. 8900 – 10000	Rs.900
Rs. 4600 - 4800	Rs.490	Pay Band	Rs.1390
Rs. 4800 – 5400	Rs.560	Rs. 67000-79,000	Rs.1460
Rs.5400 – 6600	Rs.570	Rs. 75000-80,000	
Rs. 6600 – 7600	Rs.630		Rs.1920
	Rs.760		Rs.2270
	Rs.900		
(ii) These increments will not count for any other purpose such as DA, HRA, transport allowance, pay fixation on promotion, pension, etc.		These increments will not count for any other purpose such as DA, HRA, transport allowance, pay fixation on promotion, pension, etc.	
(vi) These increments are specific to the grade of promotion and will be determined again by an assessment board at the next promotion, while earlier increment granted shall stand withdrawn.		These increments are specific to the grade of promotion and will be determined again by an assessment board at the next promotion, while earlier increment granted shall stand withdrawn. These increments are in addition to existing incentive of two increments in the grade of Sc-'C' to Sc-'F' and special pay of Rs.4000/- to Sc-'G'.	
		Promotion from Sc-'G' to Sc-'H'/Outstanding Scientist, a fixed amount of Rs.10,000/- per month to be awarded irrespective of the number of years of residency period.	
		Assessment Board/Peer Committee will decide the number of variable increments to be granted at the time of promotion. The number of increments so granted will not exceed six.	
<b>Tapering off of the increments in case of non-promotion :</b>		<b>Tapering off of the increments in case of non-promotion :</b>	
(i) For the first unsuccessful attempt, no increment will be withdrawn		In case, a Scientist fails to qualify for promotion to the next higher grade, the variable increments granted based on past performance in the previous position will be	

	withdrawn in a tapered manner for every unsuccessful assessment and the incentive increment will be brought down by one increment from the current level in accordance with residency period. The starting date/year for tapering of advance increments granted to a Scientist will be the completion of the residency period taken into account by the DRDS Assessment Board for promotion to the present grade.
(ii) For second unsuccessful attempt, one increment will be withdrawn.	
(iii) For third unsuccessful attempt, one increment will continue to remain withdrawn.	
(iv) For fourth and fifth unsuccessful attempts, the second (if awarded) increment will be withdrawn	
(v) For sixth unsuccessful attempt, all variable increments awarded will be withdrawn.	
Authority: DHRD/16342/6th CPC/DRTC/ C/M/01 dated 31.08.2009	Authority: DHRD/16342/VI CPC/I/C/M/01 dated 20.04.2009

#### 8.5.2. Variable Increment:

- a. The necessary DO part II for the grant of variable increment upto a maximum of six increments, in terms of DDR&D letter No. DHRD/85101/incentive/6<sup>th</sup> CPC/C/P/02/4671/ D(R&D), dated 06.03.2009 is to be invariably enclosed to the pay bill.
- b. The value of variable increment will be subject to monetary ceiling of Rs 10,000/- pm.
- c. The variable increments so granted is an incentive and hence not counted as pay for any purpose like DA, HRA, Transport Allowance, Pay Fixation, pension etc.

#### 8.5.3. Special increments/pay to DRDO Scientist:

- a. In terms of Min of Defence, letter no. DHRD/85101/incentive/VI CPC/C/P/01/3578/2008/D(R&D) dated 10<sup>th</sup> Oct 2008 two additional increments

(@3% of total pay in the pay band plus corresponding grade pay) are to be granted in case of recruitees / promotees for Scientist in Pay Band 3 and Pay Band 4 upto grade pay of Rs 8900/-. The two additional increments shall not be treated as part of pay for any purpose and shall be computed at the time of entry in the grade; will remain constant during the entire period of residency in the grade and will be recomputed on promotion to the next grade.

- b. In case of Scientist in Pay Band 4 with grade pay of Rs. 10000/- special pay @ Rs 4000/- per month is to be given in terms of above mentioned letter. Further as per Min of Defence letter no. DHRD/85101/Incentives/VI-CPC/C/P/01/1376/2009/D (R &D) dated 13<sup>th</sup> May 2009 the special pay of Rs. 4000/- thus granted shall be counted for pension and pensionary benefits.

#### **8.5.4. Professional Update Allowance:**

- a. In terms of Min of Defence, letter no. DHRD/85101/incentive/VI CPC/C/P/01/3578/2008/D(R&D) dated 10<sup>th</sup> Oct 2008 and subsequent amendment issued vide GOI, MOD, DDR&D No. DHRD/85101/INCENTIVES/VI-CPC/C/P/01/458/2013/D (R&D), dated 07.03.2013, professional update allowance to scientists in DRDO is to be admitted w.e.f. 01-09-2008 as under:
- i. Scientist in PB-3 Upto grade pay 7600 : Rs 12,500/- per year
  - ii. Scientist in PB-4 with grade pay 8700/8900 : Rs 25,000/- per year
  - iii. Scientist in PB-4 with grade pay 10000/- : Rs 37,500/- per year HAG, HAG+ and Apex Scale
- b. The allowance will be paid in arrears along with the pay and allowances for the month of April of the subsequent financial year. The allowance is not subject to furnishing of any receipt or certificate.
- c. There will not be any proportionate reduction of this allowance for Scientist leaving or joining in between the financial year. The allowance is not admissible if the scientist is on EOL or under suspension throughout the financial year.
- d. The expenditure on this account will be booked under P&A head.

#### **8.5.5. Flexible complementing Scheme:**

- a. In DRDO, there exists a system of promotion known as "Flexible Complementing Scheme" as the morale of the scientist has to be kept high in order to keep them motivated and to obviate drain of talent from Govt. organizations involved in research and scientific activities.

- b. Under the Flexible Complementing Scheme promotion of an individual (Scientist or otherwise) from one grade to the next higher grade, post held by him shall stand upgraded automatically and is personal to him.
- c. Promotions under FCS shall be limited to posts carrying a grade pay of Rs.12,000/- or lower.

8.6. **Advance of Pay:** Head of office may sanction advance of pay to a permanent or temporary Govt. servant who is proceeding on transfer or on leave for more than a month (Authority: Rules 39, 40, 43 of GFR 2005).

8.6.1. **Amount of Advance:** The amount of advance that may be sanctioned to a Govt. servant shall not exceed:

- a. One month's pay which he is in receipt immediately before transfer, or one month's pay to which he will be entitled after transfer whichever is less: or
- b. Two months pay in the case of a Govt. servant in an office the headquarters of which is shifted as a result of Govt. Policy.
- c. The amount of an advance of pay granted to a Govt. servant shall be recovered in not more than three equal monthly installments in the case of an advance granted under clause (i) and not more than twenty four in the case of an advance granted under clause (ii) above.
- d. The recovery of the amount of advance under clause (i) or (ii) above shall commence from the month in which the govt. servant draws a full months pay or/and leave salary or/and subsistence allowance as the case may be, after joining his new appointment.

8.6.2. **Advance not admissible in mutual transfer cases:** No advance of pay shall be granted in respect of transfer mutually arranged by Govt. servants among themselves and approved by the appropriate authority.

8.6.3. **Advance of pay may be taken at the new station:** The advance pay as indicated above may be allowed to be drawn at the new station soon after the arrival of the Govt. servant there, on production of the Last Pay Certificate showing that no advance was drawn at the old station.

8.6.4. **No advance of pay in case of temporary transfer:** No advance of pay shall be granted in respect of temporary transfer for a period not exceeding 90 days.

8.6.5. The recovery of the advance of pay from the subsistence allowances drawn by a Govt. servant while under suspension will be made at such rates as deemed fit by the HOD.

8.7. **Advance for the purchases of Motor Car/Motor Cycle/Scooter:** The following audit checks are required to be exercised:

- a. It is prepared on the Contingent bill (IAFA-115)
- b. The bill is pre-receipted and stamped.
- c. The competent authority countersigned it whose signatures are genuine as recorded in the register of specimen signature.
- d. Sanction for drawl of advance (ink signed copy) accorded by the competent authority or by an officer, to whom the powers have been delegated, has either been attached with the bill or the same has been forwarded under a separate memo. The details/contents of the sanction viz. amount, rate of interest etc are invariably entered in Demand register.
- e. A certificate to the effect that all the prescribed formalities, such as execution of the agreement/deed etc in the prescribed forms have been completed and these documents have been kept in the safe custody

8.8. **Payment of Bills on account of House Building Advances (HBA):** The following audit checks are required to be exercised:

- a. It is preferred on IAFA – 115.
- b. It is countersigned by the competent authority whose signature is recorded in the Register of specimen signature.
- c. The bill is supported with:-
  - i. A copy of sanction (ink signed) accorded by the HoD for drawl of advance.
  - ii. A certificate from the HoD that all the prescribed formalities such as execution of the agreement, mortgage deed, surety bond etc. in the prescribed forms have been completed and these documents have been kept in the safe custody.
  - iii. Schedules in support of advance drawn showing the particulars of the individuals (i.e. name, designation, personal No. etc.) amount of advance being paid and No. of installment etc.
- d. In addition to execution of mortgage/agreement, the surety of permanent official is necessary before releasing the sanctioned advance or any part thereof to officials who are not permanent or the officials due to retire from service within 18 months following the date of application for advance.
- e. The details/contents viz. amount, rate of interest etc is invariably entered in Demand register.

8.9. **Claim for Children Education Allowance (CEA):** The claim is required to be examined to see that:

- a. The original receipts, duly self certified by the Govt. employee have been enclosed.

- b. The total amount claimed under CEA does not exceed Rs 15000/- per child per year (the limit would automatically raised by 25% every time the DA goes up by 50%). For children with disabilities the annual ceiling will be double the rate i.e. Rs 30000/-
- c. The claim may be allowed up to 50% of the total amount in the first quarter and remaining amount in third and/or fourth quarter.
- d. Other details viz. period for which reimbursement is being claimed and name of the child etc. are required to be checked with the records maintained in the CEA register and it is admitted as per the rules.
- e. Hostel subsidy is also admissible for keeping children in hostel of a residential school located beyond 50 km from the residence of Govt. official. Present Ceiling (w.e.f. 1.1.2011) of hostel subsidy including CEA is Rs. 3,750 per month per child.

**Note:** Reimbursement of Children Education Allowance (CEA)/Hostel Subsidy in respect of child/children born at the time of first birth resulting in twins or multiple births after failure of sterilization operation is permissible.

8.10. **Claim for Festival Advance:** The claim is required to be scrutinized to see that:

- a. It has been signed by the competent authority.
- b. The signature it bears is genuine and agrees with that recorded in the register of Specimen Signature.
- c. It is supported by the following Certificate:
  - i. That the person to whom the advance has been sanctioned was not granted such advance during the financial year previously.
  - ii. That the advance has not been sanctioned to temporary staff who are not likely to continue in service for a period of at least 6 months beyond the month in which the advance has been drawn.
  - iii. That the advance has been sanctioned in respect of the personnel who are on duty or on leave.
  - iv. Personnel on leave preparatory to retirement are not eligible for festival advance.
  - v. That no advance is to be sanctioned to the personnel against whom some earlier advance outstanding.
- d. The personnel for whom the advance has been drawn are non-gazetted drawing grade pay not exceeding Rs 4,800/-.

- e. The amount of advance does not exceed Rs 3,750/- (this limit will increase by 25% whenever DA rates exceeds more than 50%).
- f. Surety bond from permanent Govt. servant has been furnished in respect of temporary employee or a certificate to the effect that the requirement of surety bonds in respect of temporary individuals who have completed three years of continuous service and are likely to continue in service till the adjustment of the advance has been waived is furnished.
- g. The amount of advance is noted in the Demand Register while admitting the bill for payment.

**8.11. Temporary Advance/Final Withdrawal from GPF Account:** Claims for Final Withdrawals/Temporary advances from GPF account are to be scrutinized in following manner:

- a. The bill is prepared on IAFA 115. It is pre-receipted and stamped wherever necessary. It is countersigned and supported by the original sanction, application for grant of withdrawal/advance, the latest CCO-9 in original and debit schedule.
- b. In case the individual is superannuating within two years the bill will be sent to the Fund Section of PCDA (R&D) duly verifying the subscriptions/recoveries made.
- c. Check the admissibility of claim as per GP Fund Rules, if necessary, to ensure that the purpose for which the advance has been sanctioned is covered under the GPF Rules.
- d. The amount of the advance sanctioned does not exceed the permissible limits under the rules.
- e. Verify correctness of credit balances as shown in the claim with reference to the latest CCO-9 attached to the claim and subsequent subscriptions/recoveries made in the pay bills. Any withdrawals/temporary or otherwise made subsequent to the period covered by the CCO-9 must be deducted prior to release of any other advance/withdrawal.

**8.11.1. Temporary advances:**

- a. It is to be ensured that outstanding balances of old advances have been merged with the present advance (in the case of GPF only). The consolidated amount has been mentioned together with no. of installments not exceeding 36 for recovery in the sanction and the same is noted down in Demand Register.

- b. The debit schedules for the advance amount are scheduled invariably to the Fund Section of CDA/PCDA (R&D).

8.11.2. **Final Withdrawal:** Availability of credit balance in GPF account is required to be verified as mentioned above. Details of withdrawals are to be noted in Register of Final withdrawals. Debit Schedule will be forwarded to Fund Section of CDA/PCDA (R&D).

8.12. **Encashment of Leave:** A central Government servant may be paid cash, equivalent of leave salary in respect of the earned leave period at his credit on the last day of service or in the event of death or resignation. The claim is to be scrutinized to see:

- a. Sanction of the competent authority for encashment of leave is enclosed.
- b. The correctness of the earned leave at the credit of the individual is certified by LAO.
- c. To make an endorsement in the service book regarding the payment of cash equivalent, so as to guard against double payment.
- d. In case earned leave at credit of the individual falls short of 300 days, then encashment of HPL to the extent of shortage is admissible if it is held at his credit.
- e. In case of resignation the encashment is restricted to only half of the earned leave at the credit of the individual subject maximum of 150. Encashment of HPL is not admissible in such cases.

8.12.1. **Encashment of Leave (during LTC):** Encashment of Earned Leave is also admissible to the extent of 10 days at the time of availing of LTC subject to the following conditions:

- a. The total leaves so encashed during the entire career does not exceed 60 days to the aggregate.
- b. Balance of EL of at least 30 days is still available at the credit.
- c. The leave so encashed during LTC will not be deducted while computing the maximum admissible for encashment at the time of superannuation/leaving service.

**Note 1:** A government servant is permitted to encash Earned Leave upto 10 days either at the time of availing LTC himself or when his family avails it, provided other conditions are satisfied.

**Note 2:** Benefit of leave encashment on LTC may be allowed for 60 days before proposed date of outward journey.

8.13. **Central Govt. Employees Group Insurance Scheme 1980:** The accumulated amount in the Saving Fund will be paid to the official on his/her cessation from Govt. Service. On the unfortunate event of death of any employee during service, the

nominee/heir will be paid the insured sum and also the accumulations in savings fund.

The claim is to be scrutinized to ensure that:

- a. Sanction of the competent authority is enclosed.
- b. Correctness of the CGEIS amount as per the table to be ensured.
- c. To make an endorsement in the Service Book regarding the payment of cash equivalent, so as to guard against double payment.

#### 8.14. **Reimbursement of Medical Claims:**

##### 8.14.1.

Central Government Health Scheme (CGHS) Beneficiaries: Documents to be enclosed with the claim:

- a. Checklist form medical 2004
- b. All original Cash Memos, Receipts
- c. Copy of Discharge Summary
- d. Prescription/referral Slips
- e. Photocopy of CGHS Card
- f. Detailed list of all medicines, laboratory tests, investigations, number of doctor visits etc. with dates. Reports are not to be insisted upon in audit. For laboratory investigations, tests etc., permission of the Department is not required if the tests have been prescribed by the CGHS/Government medical centres.
- g. Photocopies of claim papers and affidavit on stamp paper, in case original papers have been lost.
- h. Emergency certificate of the hospital (in case of treatment taken under emergent circumstances) duly supported with sanction of the competent authority.
- i. Joint declaration in case both husband and wife are Govt. servants.
- j. Time bar sanction in case claim not submitted within stipulated time period.
- k. In case of in-patient / outpatient, copy of permission letter issued by the office based on the copy of reference of Additional Director/CMO-incharge CGHS dispensary referring the beneficiary to CGHS recognized hospital.

**Note:** The serving beneficiaries will not require any permission from their department for getting the diagnostic tests/investigations carried out in a CGHS empanelled private hospital/diagnostic laboratory/imaging centre in respect of investigations on a valid prescription issued by a CGHS Medical Officer/Govt. Specialist, for which CGHS rates are available. Reimbursement can be claimed by producing a self attested photo copy of the medical prescription.

##### 8.14.2. **During audit of bills, following points to be looked into:**

- a. The bill/claim is prepared in the prescribed form.
- b. All the documents are enclosed with the claim.
- c. Prior permission for taking treatment in the CGHS empanelled hospitals has been obtained and attached.
- d. The claim is preferred within three months from the date of discharge wherever advance is not drawn. In case advance is drawn, the claim is to be preferred within one month from the date of discharge.
- e. Medicine prescribed for OPD treatment is not reimbursable under CGHS.
- f. Diet charges, inadmissible medicines are not to be admitted.
- g. Admissible amount is worked out with reference to the CGHS approved rates.
- h. In case the treatment is covered under package, the amount admissible will be restricted as per the applicable package charges only. Nothing extra should be admitted.

**Note:** CGHS package rate means and includes lump sum cost of inpatient treatment/day care/diagnostic procedures for which a CGHS beneficiary has been permitted by the competent authority or for treatment under emergency from the time of admission to the time of discharge including (but not limited to) – (i) Registration charges (ii) Admission charges (iii) Accommodation charges including patients diet (iv) Operation charges (v) Injection charges (vi) Dressing charges (vii) Doctor/Consultant visit charges (viii) ICU/ICCU charges (ix) Monitoring charges (x) Transfusion charges (xi) Anesthesia charges (xii) Operation theatre charges (xiii) Procedural charges/surgeon's fee (xiv) Cost of surgical disposables and all sundries used during hospitalization (xv) Cost of medicines (xvi) Related routine and essential investigations (xvii) Physiotherapy charges etc. (xviii) Nursing care and charges for its services. The following items are not admissible for the purpose of reimbursement under CGHS : Telephone charges, Toiletries, Sanitary napkins, Talcum powder and Mouth fresheners.

**8.14.3. CS (MA) Beneficiary:** Documents to be attached with the claim are as under:

- a. Checklist form medical 97
- b. All original Cash Memo, Receipts
- c. Discharge Summary
- d. Prescription/referral Slips of AMA
- e. Essentiality certificate A/B
- f. Permission from the office
- g. Detailed list of all medicines, laboratory tests, investigations, number of doctor visits etc. with dates.

- h. Photocopies of claim papers and affidavit on stamp paper, in case original papers have been lost.
- i. Emergency certificate of the hospital (in case of treatment taken under emergent circumstances) together with the sanction of the competent authority.
- j. Time bar Sanction, if any.
- k. Dependency certificate in respect of CS (MA) beneficiary.

**8.14.4. The bill/claim is to be audited to ensure the following:**

- a. The bill/claim is prepared on the prescribed form and is countersigned.
- b. All the documents are enclosed with the claim.
- c. Prior permission for taking treatment/tests has been obtained and attached.
- d. The claim is preferred within 03 months period from the date of discharge.
- e. The admissible amount should be worked out as per prescribed rate list.
- f. All original bills are certified by the treating physician with stamp.
- g. Essentiality Certificate is signed by the treating Doctor.
- h. Indoor treatment has not been obtained at AMA clinic / nursing home, and referred to Govt./Pvt. Recognized/referral hospital for further treatment.
- i. Treatment from AMA is not more than 10 days at a time. In case the treatment is expected to be prolonged beyond 10 days necessary reference to OPD of Govt./Recognized hospital by AMA is enclosed.
- j. Whenever AMA beneficiaries undertake treatment from any hospital recognized under CGHS/State government, the reimbursement is to be restricted as per the rates fixed by the government under the CGHS Rules/CS (MA) Rules or actual expenditure incurred whichever is less.
- k. Inadmissible medicines are not admitted.
- l. Wherever tests/investigations are carried out privately on the advice of a government specialist, non availability certificate from the Government hospital concerned should be attached.

8.14.5. In case of treatment under taken in emergency, the claims will be preferred to CDA/PCDA (R&D) along with statement of case and other enclosures duly recommended by the Director of Lab/Establishments. Such claims will be scrutinized as per the norms mentioned above and audit report rendered to DGR&D duly indicating the admissible amount. After receipt of ex-post facto sanction only, such claims are to be admitted in audit.

**Note:** Apart from the checks enumerated above, all other conditions governing the admissibility of medical expenses under CGHS/CS(MA) rules prescribed by Government of

India from time to time may invariably be consulted before admitting the bills for payment.

**8.15. Transportation section:**

8.15.1. The transportation section is to make prompt payment of entitled travelling allowances to DRDO officers and staff and the service officers attached to various Labs/Establishment. The duties of the transportation section are:

- a. To pay advances of travelling allowance admissible under rules and to watch their adjustment or to communicate them to the audit officer concerned for adjustment.
- b. To deal with the claims of travelling allowance in respect of service officers attached with DRDO labs/ Establishments in case of temp duty.
- c. To audit Leave travel concession claims of DRDO officers and staff.
- d. To audit TA claims of DRDO personnel on retirement.

8.15.2. **Traveling Allowance Rules:** Impact of 6<sup>th</sup> Pay Commission: Consequent upon implementation of Sixth Pay Commission Recommendations vide Ministry of Finance O.M. No. 19030/3/2008-E.IV dated 23.09.2008 and subsequent letters issued by the Ministry, the entitlements of Government servants like Travel entitlements, Daily Allowance & Mileage Allowance, etc while on Tour have undergone change. The present entitlements are briefly as under:-

**a. Travel Entitlements within the country:**

Grade Pay	Travel Entitlement
Rs. 10,000/- and those in the pay scale of HAG+	Business class/Club class by air/AC first class by train
Rs. 7600, Rs. 8700 and Rs. 8900	Economy class by Air/AC first class by train
Rs. 5400 and Rs. 6600	Economy class by Air/AC II tier by train
Rs. 4200, 4600 and 4800	AC II tier by train
Below Rs. 4,200	First class/AC III tier/AC chair car by train

**b. Daily Allowance:**

Grade Pay	Hotel Accommodation per day	Charges for travel within the city	Food bill per day not exceeding
Rs. 10,000 and HAG +	Rs. 6,250	AC taxi charges upto 50 Kms per diem	Rs. 625
Rs. 7600/8700/8900	Rs. 3,750	Non-AC taxi charges upto 50 Km per diem	Rs. 375
Rs. 5,400 to Rs. 6,600	Rs. 1,875	Taxi charges upto Rs.150 per day	Rs. 250

Rs. 4,200, 4600 Rs. 4,800	Rs. 625	Up to Rs.100 per day	Rs. 188
Below Rs. 4200	Rs. 375	Up to Rs. 50 per day	Rs. 125

**c. On Permanent Transfer/Retirement**

Grade Pay	Composite Transfer Grant	By train/steamer	Rate for transport by road	
			X & Y cities	Z Class cities
Rs. 7,600 & above and HAG +	Equal to 1 month Pay + Grade Pay + NPA	6,000 kg by train Or four wheel wagon Or 1 double container	Rs. 37.50/- (0.005 per kg per km)	Rs. 22.50/- (0.003 per kg per km)
Rs. 4200, 4600, 4800, 5400 and 6600	-- DO --	6,000 kg by train Or four wheel wagon Or 1 single container	-- do --	-- do --
Rs. 2,800/-	-- DO --	3,000 Kg	Rs. 18.75 (0.005 per kg per km)	Rs. 11.25 (0.003 per kg per km)
Below Rs. 2,800/-	-- DO --	1,500 Kg	Rs. 7.50 (0.005 per kg per km)	Rs. 4.60 (0.0031 per kg per km)

Note 1: The road mileage prescribed for 'X' and 'Y' class cities are admissible for transfer within 'X' and 'Y' class cities. The rates prescribed for 'Z' class cities are admissible for transfer within 'Z' class cities.

Note 2: All components of Daily Allowance on tour including transportation of personal effects have automatically increased by 25%, after the Dearness Allowance payable on the revised pay structure has gone up by 50%.

d. An employee has the option to claim the allowances under Sixth CPC rates or as per the old rates prevalent earlier as a complete package for a particular tour, whichever is claimed by the employee.

e. Rates of Daily Allowance as per OM dated 17.04.1998.

Pay range	Remote localities	B-1 class cities	A class cities	A-1 class cities
30,500 and above	135	170	210	260
15,000 and above but less than 30,500	120	150	185	230
12,500 and above but less than 15,000	105	130	160	200
8,000 and above but less than 12,500	90	110	135	170

Below Rs. 8,000	55	70	85	105
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Note: The Government servants may choose to be governed either by orders, dated 23.09.2008 or 17.04.1998 in regard to Daily Allowance on tour.

**8.15.3. Audit of TA/DA Claims:** Admissible on account of Temporary Duty, Permanent Transfer, Deputation for Training, Deputation abroad. Documents to be attached to TA/DA Claims are as under:

- a. Pre-receipted TA/DA Claim on the prescribed form: IAFA-194
- b. Original Boarding Pass in case of air journey is required to be attached with the final claim. Even in the absence of the same, if the claim is countersigned by a designated Controlling officer, the same is acceptable in audit.
- c. If any document/ticket is lost, lost certificate under Rule-43 of FR may be attached with the bills.
- d. Time bar sanction is to be looked into in case the bill is not submitted within the stipulated time.
- e. Approval of the competent authority for Tatkal Sewa Journey, should be enclosed for the purpose of reimbursement of the Tatkal Charges.
- f. In case of journey performed through private Airlines sanction from Ministry of civil Aviation needs to be provided.
- g. In case of deputation-abroad, Detention Certificate of the Embassy, sanction for deputation abroad, Enforced halt certificates from Airlines (In case of enforced halt), document in support of incidental expenditure i.e. Taxi, Bus fare should be enclosed.
- h. Movement order authorizing the move on TA/DA.
- i. Copy of the food bills, hotel bills, Receipts for local journey performed to be attached.
- j. Ink signed copy of the sanction from GOI in case of deputation abroad.

**Note:** Original/copies of train tickets, quoting of PNR/Ticket No. may not be insisted upon in the TA/DA claim in respect of temporary duty moves as the genuineness of the claims stands verified by the Controlling Authority.

**8.15.4. The bill/claim would be audited to see that:**

- a. Details viz. Name of the Claimant, Designation, GPF/NPS A/c No, Grade Pay, Laboratory/ Unit are mentioned.
- b. Ink signed Copy of Movement order is enclosed in case of TA/DA claims.
- c. DO Part II OO is enclosed in case of Permanent Transfer claims.
- d. Date of submission of bill is mentioned by the individual.
- e. The bill is counter signed by the competent authority.

- f. Amount claimed is shown in Rupees in Figures as well as in words.
- g. Amalgamation of two or more tours should not be done.
- h. Hotel bills enclosed to the claim must bear Registration/License No.
- i. Reasons in support of cancelled tickets are mentioned in the remarks column of TA/DA bills and a certificate duly mentioning the reasons that led to cancellation of tour is enclosed and DO Part II cancelling the move is also to be looked into.
- j. Air Tickets are purchased either direct from the Airlines or from the authorized travel agents viz. Ashoka Tours & Travels, Balmer Lawrie & Company Limited and IRCTC.
- k. Amount of advance, wherever claimed for the purpose, is mentioned in the final claim.
- l. In case of deputation abroad, advance taken from the embassy and from Controller's office is separately mentioned.
- m. In case of frequent air travel in business class, ticket under Super Saver Scheme needs to be purchased well in advance.
- n. Unspent balances are remitted through MRO immediately after completion of return journey. Otherwise levy of penal interest from the date of drawal of advance is to be ensured.
- o. TA/DA claims in respect of service officers employed in DRDO Projects are to be submitted to the concerned PCDA/CDA (R&D) for finalization.
- p. In case of service officers, ration allowance as per existing rates is to be deducted wherever DA is claimed.
- q. Non entitled employees may also perform journey on tour by air. However the claims will be restricted as per the entitlement of rail fare.
- r. Wherever the amount admitted is less than the advance drawn, MRO is to be submitted. Otherwise debit memo is to be issued on the lab/Establishments concerned for effecting recovery in the ensuing pay bill along with a copy endorsed to the Pay Section.

Note: Reimbursement of tatkal charges is admissible where the controlling authorities exercised the option of permitting the employee to go by 'tatkal service' under unavoidable and extreme emergent circumstances in the interest of the state. (CGDA letter No: AT/IV/4026/AD-7 dated 5/9/2007)

**8.15.5. Audit of Foreign Move claims:** The following additional points will be seen:

- a. Duration of deputation is as per the dates mentioned in the sanction and DA is admitted as per the rates indicated therein for the above period as per prevailing official exchange rates notified from time to time.

- b. The journey is performed by shortest possible route.
- c. Wherever hotel bills are paid by attaché includes breakfast, 10% have to be reduced from the DA entitlement.
- d. The final bill is submitted within the mandatory period of 30 days from the date of completion of return journey.

8.15.6. **Demand Register:** All advances of travelling allowances paid by PCDA/CsDA (R&D) or through cash assignment will have to be entered in the Demand register maintained in the T-section. On receipt and payment of adjustment claims, the relevant entries are to be linked and the demands are to be cleared under the dated initials of AAO. In case of non receipt of adjustment claims, concerned lab/establishment has to be reminded and the entire advance to be recovered with penal interest. Advances of TA to individuals transferred to the payment of other audit controller will have to be communicated for adjustment through LPC. In such cases the entry in the demand register will be deleted by noting the no and date of LPC under which the demand was intimated under the dated initials of the AAO and its acknowledgement watched from the concerned pay office.

8.15.7. **Leave Travel Concession (LTC):** Documents to be attached to LTC Claims:

- a. Pre-receipted claim in the prescribed form: IAFA-194
- b. Original Boarding Pass in case of Air Journey.
- c. Original Rail/Sea/Bus journey tickets.
- d. If any document/ticket is lost, lost certificate under Rule-43 of FR may be attached with the bills.
- e. Time bar sanction in case the bill is not submitted within the stipulated time period
- f. Daily order Part II for availing the LTC.

8.15.8. **LTC claim will be audited to see that:**

- a. The Government servant has completed one year of continuous service on the date of the journey.
- b. The Block Year, Home town or Choice station is mentioned.
- c. Family particulars and Dependency certificate as per service record duly countersigned wherever applicable are attached with the Requisition/ Adjustment bill.
- d. Relationship of the members of the family and age is indicated.
- e. Journey is completed by shortest route.
- f. The LTC is not admissible while availing Child Care Leave.
- g. The total amount is shown in words as well as in figures.

- h. The requisition is signed with date by the claimant and countersigned by the competent authority.
- i. The claim is submitted within one month from the date of completion of return journey. Otherwise entire advance is to be recovered with penal interest. If advance is not drawn, claim is submitted within 3 months from the date of completion of journey.
- j. In case of new recruits, it is to be ensured that LTC provisions are as under:
  - (i) LTC will be available for the first two blocks of four years applicable after joining the Government for the first time and the blocks of four years shall be reckoned from the initial date of joining the Government service.
  - (ii) After completion of eight years, normal LTC rules will be applicable.

### **8.16 FRONT OFFICE (SINGLE WINDOW SYSTEM)**

8.16.1 To facilitate timely payment, Front office (Single Window) system has been introduced in PCDA/CDA offices to render prompt services to the DRDO personnel in respect of medical advances, TA/DA/LTC advances and GPF advances.

8.16.2 Bills of the above nature are received through Record Section duly assigning dak ID Number. Thereafter the bills/claims are processed for audit through OA system in Front Office centrally and payments are released through cheques/ECS/NEFT/CMP on the same day. For this purpose, an AAO is deployed dedicated to the Section and one AO is also assigned to monitor the functioning and ensure prompt processing of claims received in the Front Office.

8.16.3 This being an extension to the Pay/TA/DA/Medical Sections, audit checks and procedure will remain same except the central processing of the claims. Following procedure is to be adopted in the Front Office (Single Window System):

- a. On receipt of the bills after diarisation, the same will be processed under OA System.
- b. Entries in the respective demand registers will be made for each claim through OA System. In case of manual registers being maintained, the Front Office will get a certificate from each of the concerned audit Sections that all the demands have been noted in the demand register for which payments have been released by Front Office.
- c. After payment through electronic mode, cheque slips will be handed over to the representative of the executive authorities on the same day. In case of non-availability of the representatives, the same will be dispatched through DAK.
- d. Front Office thereafter will hand over the paid DVs together with a copy of punching medium and detailed statement of payments to the respective Audit Sections through a transit register and obtain initials of AO/AAO.

**8.17.** The Pay Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which are to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – PAY SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Specimen Signature Register
6.	Register of Sanctions
7.	Register for LPCs – Inward/Outward
8.	Income Tax Register
9.	Provisional Payment Register
10.	Demand Register – Temporary (Festival/GPF/Bicycles/TA/DA/LTC etc)
11.	Demand Register – Interest bearing Advances
12.	Register of scheduling of schedules
13.	Register for NPS
14.	MRO Register
15.	DV Register
16.	Master Note Book (MNB) Register
17.	Register of Children Education Allowances
18.	Instruction Order Register
19.	GPF – Advance/Withdrawal Register
20.	LTC Advance Register
21.	Adjustment through CDA-13 Register

**List of Reports & Returns - Pay Section**

<b>Sl. No.</b>	<b>Nature of Report &amp; Returns</b>	<b>Periodicity</b>	<b>Due Date</b>	<b>To whom sent</b>
1.	Weekly Report	Weekly	Last working day of Week	O&M Section
2.	Uploading of NPS data on to NPSCAN	Monthly	10 <sup>th</sup> of the following Month	C.G.D.A
3.	Strength of subscribers to NPS	Monthly	10 <sup>th</sup> of the following Month	C.G.D.A.
4.	Monthly Progress Report	Monthly	5 <sup>th</sup> of the following Month	AN-I Section
5.	Quarterly Hindi Report	Quarterly	5 <sup>th</sup> of the following Month	Hindi Cell

## Chapter – 9

### INTERNAL AUDIT SECTION

#### 9.1. Objectives of Internal Audit Section:

- a. To assist Admin and Executive Authorities of DRDO in improving the financial administration of the Labs/Establishments under their command.
- b. To keep the Admin and Executive authorities of DRDO and CGDA informed periodically of the General State of Accounts.
- c. To ensure that financial and other resources placed at the disposal of the Admin and Executive Authorities of DRDO are utilized in the best interest of the State.
- d. To evolve methods to increase the cost effectiveness of the expenditure incurred by Admin and Executive Authorities of DRDO.

#### 9.2. Duties: Internal Audit Section deals with the following:

- a. Receipt, Examination and Circulation of Govt. Letters etc. in respect of matters effecting Local Audit and other checks.
- b. Examination of important points meriting investigations received from LAO, sub-offices and Audit sections of Main Office.
- c. Rendering financial advice to the local Admin. Authorities of DRDO through quarterly report.
- d. Approval of Local Audit Programme (LAP) proposed by LAOs and watching Local Audit Completion Reports (LACRs) thereof.
- e. Monitoring settlement of LTARs/Draft Para raised by Test Audit authorities by ensuring timely submission of replies.
- f. Rendition of Quarterly MFAI Report.
- g. Consolidation and Rendition of the AAC and its Quarterly follow up reports to the CGDA.
- h. Rendition of Audit Reports on Loss Statements and preparation of Appropriation Accounts Reports for rendition to the CGDA.
- i. Examination of references received for clarification/ instruction/guidance and further reference to the HQ office for clarification/guidance etc.
- j. Examination of DRDO expenditure with a view to exploring ways and means of achieving Economy where practicable.
- k. Circulation of latest Govt. orders and CGDA's clarifications concerning Defence civilians of DRDO and to ensure that these orders/clarifications are applied correctly in disposal of various items of work.

9.3. **Functions of Internal Audit Section:** In addition to other functional areas as stipulated above, the Internal Audit Section in the Controller's offices is mainly responsible for monitoring the areas of Internal Audit through its agencies i.e. Local Audit Offices/Sub Offices responsible for the Internal Audit of Units/Labs/Establishments of R&D organization.

9.3.1. Job description of areas of work dealt in Internal Audit Section of R&D Controller's office is described in the succeeding paragraphs for the convenience.

9.3.2. **Draft Para:** While dealing with the Draft Para and Audit Para raised by the DADS, following points need to be ensured:

- a. To see that Draft Para (DP) has been received either from the CGDA or from the concerned office of the DADS.
- b. If the Draft Para (DP) is related to work peculiar to other section of the Main Office, see that the DP is passed on to the concerned section for further action.
- c. Verify that the cases of similar subject as described in the DP have/have not been dealt with already as an objection in the LTAR. If so the stand taken thereon should be kept in view while dealing with the DP.
- d. Forward copies of the DP without delay to HQ of the organization/Establishments/other appropriate executive authorities, for verifications of fact and their acceptance/comments.
- e. Simultaneously forward copies of DP to lower formation concerned and LAOs/Sub-offices for verification of facts.
- f. Watch carefully receipts of replies from various parties to ensure that no undue delay takes place in furnishing final reply on the DP to HQ office.
- g. Scrutinize replies received, to see that:
  - i. Clear statement regarding acceptance or otherwise of the DP has been made by the executive authorities.
  - ii. The points stated in DP have been accepted/challenged by the executive authorities whatever the case may be and verify its authenticity with reference to rule position shown in DP.
  - iii. Verify from the reply of the LAO that there is no inconsistency as regards verification of facts between his report and that received from the Executive authority.
  - iv. If DAD is in any way responsible for failure to detect the irregularity, scrutinize the details furnished in prescribed proforma carefully with a view to assess the extent and nature of the failure and to fix responsibility for taking disciplinary action/remedial measures.

h. Frame reply to the CGDA/DADS which should contain detailed report on all facts/points brought out in the DP.

9.3.3. **Local Test Audit Reports (LTARs):** On receipt of the LTAR/LTAN from the DADS, following line of action is required to be taken:

- i) Local Test Audit Reports received from the DADS pertain to Labs/Establishments under the audit area of the CDA/PCDA in which it has been received.
- ii) Open a new case file for each LTAR and enter the number of LTAR objections with other particulars in Audit Progress Register (APR) against the concerned Lab/Establishments.
- iii) Reply to the LTAR objections which can be answered directly i.e. without reference to outside parties. In other cases, refer the observations to the concerned (i.e. Lab/Establishments with copies to LAOs/Sub-offices) or the other sections of MO etc.
- iv) On receipt of reply from Labs/Establishments, the same will be scrutinized and it is ensured that replies to all the points raised in the LTAR have been given appropriately and the facts stated have been verified by the LAOs concerned to the extent possible.
- v) It is ensured that replies to LTAR objections are furnished to the Test Audit Authorities within the prescribed time limits.
- vi) Reply to the Test Audit Authorities is furnished and it is ensured that replies are clear, comprehensive and supported by relevant Authorities /Rules /Regulations / Orders on the subject.
- vii) Settlement of objections is noted in the Audit Progress Register as and when communicated by Test Audit Authorities.
- viii) Prepare summary of outstanding objections in APR at the close of every month and submitted to the Group Officer.

9.3.4. **Loss Statements and rendition of audit reports thereon:**

9.3.4.1. IA Section is responsible for audit and scrutiny of loss statements on account of cash/store loss of Labs/Establishments of DRDO. Loss statements will be scrutinized to see the following points:

- a. They are complete in all respects and have been prepared on the prescribed form and are duly priced.
- b. No breach of the accounting rules has contributed to the loss.
- c. The loss has been properly investigated by Court of Inquiry constituted by the CFA.
- d. Proceedings of the Court of Inquiry have been enclosed with the loss statement.

- e. The loss is a real one and not fictitious.
- f. The remedial measures and/disciplinary action taken where necessary are adequate and satisfactory.
- g. LAO has exercised preliminary scrutiny where necessary and has rendered the preliminary audit report.
- h. The loss has been correctly priced with reference to the category of equipment prior to the loss.

9.3.4.2. Audit reports are rendered by Controllers office on all cases of losses requiring sanction of the competent authority. While furnishing the Audit Report, following points may be ensured:

- a. It is to be verified whether a loss statement, duly price checked by LAO, is attached when loss of cash/stores is involved.
- b. A self-contained letter addressed to the competent authority/DRDO HQ is submitted with the statement of case.
- c. The Statement of Case is in a narrative form covering all points.
- d. Recommendation of all lower authorities is recorded.
- e. Particulars shown in the statement of the case are factually correct.
- f. Examine the case carefully and determine the competent Financial Authority whose sanction would be required to regularize the loss as per Sl. No.7 of Appendix-A to Govt. of India, Ministry of Defence Letter No. DRDO/DBFA/FA/83226/M/01/2031/D (R&D) dated 30.07.2010.
- g. An audit report on the case is prepared. It should show briefly the specific case, the designation of the authority competent to sanction it and the relevant rules in support of the same.
- h. The audit report should be unambiguous and state clearly the CFA who is competent to write-off/regularize the loss and cite reference to the authority under which he is vested with these powers.

9.4. **Reporting System of Audit in the CDA/PCDA (R&D):** Results of audit carried out by CDA/PCDA (R&D) are communicated to the concerned executive authorities and HQ Office through various audit reports and certificates.

9.4.1. **OBJECTION STATEMENT ISSUE AND ITS SETTLEMENT**

9.4.1.1. The Objection Statement will be drawn up in parts as detailed below:

Part I	General
Part II	Cash Inspection and Cash Irregularities
Part II	Plant & Machinery
Part IV	Project Accounting/Project Related Issues
Part V	Store Accounting/Credit Verification/Procurements etc.
Part VI	MT

Part VII	Rations
Part VIII	Railway Warrants, Military Credit Notes etc.
Part IX	Service Books/Service Related Issues
Part X	Miscellaneous Issues

Note: Each part will be independent and complete in itself, but serial numbering will be continuous from Part I to the last part.

9.4.1.2. Local Audit starts with the meeting (Entry Conference) of the Audit Team with the Head of the Office. Then as the audit progresses, verbal explanation on doubtful points and discrepancies will be obtained by the Local Audit Staff/Assistant Local Audit Officer (ALAO) from the concerned Officers of DRDO Lab/Establishment/Unit. Where satisfactory replies are not forthcoming, "Preliminary Observations" pertaining to that section will be issued by the ALAO and efforts will be made to settle objections by getting replies or recording the discussion with the executive authorities, during Exit Conference.

9.4.1.3. The Preliminary Observations will be discussed by the ALAO with the Officer concerned of the Group. Any items settled as a result of further explanation furnished by the Officer concerned of the Group, these observations will be deleted from the Preliminary Observations List. The remaining observations will be incorporated in the draft Objections/Observations Statement for discussion by Local Audit Officer (LAO) during the conference with the Group Head concerned. In respect of Preliminary Observations of the Groups, the audit of which is completed after the arrival of the LAO, these will be similarly discussed at a conference between the LAO and the Group Head. The items settled as a result of such discussion cleared from the "Preliminary Observation Slips". The remaining observations will similarly incorporate in the Draft Objection Statement.

9.4.1.4. The LAO will scrutinize the draft objection statement and also carry out a general and intelligent review of the accounts to satisfy himself that:

- i. All the prescribed accounts and documents have been maintained and duly checked by the staff.
- ii. All the objections raised are fully descriptive supported by reference to relevant vouchers under objection and the relevant rule or order, as appropriate etc. He will sign on the objection statement. The LAO will also exercise his powers to write off, settle and raise objections where appropriate. A record of objections, thus waived will be maintained by the LAO in the objection statement will be open to inspection by IDAS Officers.

9.4.1.5. During the visit of the LAO, a date will be fixed with the Head of the Office for discussion of the draft objection statement. The objections discussed at this conference will be categorized as under:-

- a. Objections settled at the spot after discussion. The basis on which the objections have been settled will be briefly noted against each item and necessary certificate etc., required by the LAO will be furnished.
- b. Objections agreed to be settled subject to recovery from individuals/production of vouchers/adjustment of over draws etc.
- c. Cases of Losses which fall within the powers of the Head of the L/E/U.
- d. Objections beyond the competency of the L/E/U for the settlement.

The LAO will at the same time advice the Executive of the general state of the various accounts. He will prepare the record notes of the discussion held and get the same approved by the executive authorities.

9.4.1.6. Cases mentioned in Sub Para (b) & (d) of the preceding Para will be incorporated in the objection statement by the LAO. Two copies of the Objection Statement will be prepared and one will be sent to the Unit concerned by the LAO and one copy to Internal Audit Section of Main Office. The copy of the Statement forwarded to IA Section of the Main Office will have all the Preliminary Observations raised by the LAO team and the replies furnished by the auditee organisation. While forwarding the Objection Statement to the Unit, LAO should indicate specifically in the forwarding memo category wise break up of objections, clearly specifying as to the significance of the categorization as such on the lines given below:

- a. **CATEGORY 'A' (High Risk Areas):** All important cases of financial irregularities suspected frauds, embezzlements, non maintenance of Project Accounts, Major deviation of Procedures/Rules/Regulations and other cases of serious nature which merit special attention of higher administrative authorities and are likely to find place in the report on Major Financial and Accounting Irregularities (MFAI) should be prominently brought out in this category of the objection statement.
- b. **CATEGORY 'B' (Medium Risk Areas):** This category may include irregularities of relatively less important but which warrant a special note by the Head of the L/E/U.
- c. **CATEGORY 'C' (Low Risk Areas):** Objections of technical nature/non-financial character bringing out procedural lapses not involving loss to state may be grouped under this category.

9.4.1.7. A Nil objection memo will, however, be sent to the Unit by the LAO when no objection/observations have been raised by him in the following format:

"Audit of the accounts of ..... (name of the accounts and Unit) has been conducted for the period..... and there are no objections/observations.

#### 9.4.2. Major Financial & Accounting Irregularities (MFAI):

9.4.2.1. Irregularities detected in local Audit/Internal audit should be, in the first instance, brought immediately to the notice of the concerned executive authorities. On receipt of a report of defalcation or loss of public money or stores, the CDA/PCDA should call for further information as may be required on the subject. The case is then carefully examined to ascertain if the defalcation of loss is due to any defect in rules or due to neglect of rules or lack of supervision on the part of executive authorities. Result of such examination is reported to the authority competent to write off/regularization of the loss. In individual cases of serious irregularity or as well as in all cases of losses/over-payment/irregularities involving lapses on the part of Defence Accounts Department, the report is submitted to the CGDA. These reports will contain following information:

- a. Full particulars of the cases including the background and modus operandi of the irregularities;
- b. Rules/regulations/orders which were disregarded/violated;
- c. Agencies which discovered the irregularities;
- d. Circumstances in which the irregularities could not be detected by the DAD earlier;
- e. Comments of the CDA/PCDA in regard to responsibility of individuals of the DAD, if any;
- f. Recommended action and remedial measures to prevent the recurrence of such irregularities etc.

9.4.2.2. The Major Financial Accounting Irregularities (MFAI) report constitutes the means by which CDA/PCDA can report major irregularities and short-comings in finance and accounts to the apex level executive authorities and copy is endorsed to HQ office. Quarterly MFAI reports for the quarters ending June, September, December and March each year are rendered by the 20<sup>th</sup> of the month following the quarter.

9.4.2.3. MFAI report covers the following:

- a. Potentially serious cases involving irregularity/non-maintenance of accounts;
- b. Cases involving financial irregularity or loss amounting to Rs.1 lakh or above as well as other cases which disclose loopholes for fraud or defalcation;
- c. Cases of serious irregularity which cannot be translated into financial terms;
- d. Non/under-utilization of plant and machinery;
- e. Identification of slow moving and non-moving stores;
- f. Deterioration in stores due to long/inadequate storage;
- g. Defective planning and implementation of projects involving, in particular, time overrun and cost overrun.

9.4.2.4. MFAI reports are rendered in two parts viz., Part I and II. Part I is for indicating fresh Irregularities and Part II for Irregularities reported earlier but still outstanding. Both the parts are further divided into two sections, 'A' and 'B', showing Cash and Stores irregularities respectively.

9.4.2.5. The MFAI reports are addressed to DGR&D by name with copies to the concerned Labs/Establishments. A copy of the report will also be endorsed to the CGDA as well as to the DADS.

9.4.2.6. In view of its importance, MFAI report should be drawn up and edited with utmost care. Narration of each item should be brief, self contained and lucid and clearly bring out the nature of irregularity, the extent of its seriousness, the amount involved, the precise deficiency/failure revealed and reference to the relevant rules and orders. The narration should also indicate all the action taken till the time of reporting. It should also be mentioned whether the irregularity came to light during percentage audit or otherwise as well as the precise point at which and the extent to which executive failure is revealed.  
(Defence Audit Code Para No.523, Volume II Edition-1992)

#### 9.4.3. **Internal Audit Report (IAR):**

9.4.3.1. With a view to evolve an institutionalized reporting system to highlight periodically, the major deficiencies noticed by CDA/PCDA in the functioning of DRDO Labs/Establishments/Units and to devise methods for enhanced economy, efficiency & effectiveness, a bi-annual Internal Audit Report is submitted by the CDA/PCDA to the CGDA.

9.4.3.2. It is essential that selection of items for inclusion in the IAR receives personal attention of the CDA/PCDA and all important irregularities noticed during super review conducted by IDAS officers and meaningful items reported by LAOs/sub offices find place in the Internal Audit Report (IAR). It mentions the items outstanding in two consecutive MFAI reports.

9.4.3.3. Write ups and the format of the IAR are required to be of the pattern in which the DP are floated by the Statutory Audit Authorities and as such it should always be accompanied by a 'Key' showing details of references made in the IAR so that the audit issues may be clearly described for proper appraisal of apex executive authorities.

**9.4.4. Annual Audit Certificate (AAC):** CDA/PCDA (R&D) furnishes annually a certificate to the CGDA not later than 1<sup>st</sup> August each year that to the best of his knowledge and belief no part of the expenditure contained in appropriation accounts for the year has been incurred without the sanction of the Govt. of India wherever required, except for items where the necessary sanction is awaited (Para 541 Defence Audit Code Vol.-II (Edition 1992)). Particulars of such items exceeding Rs. 50,000 in each case are furnished in a statement attached to the Annual Audit Certificate. The AAC will also include reservations and specific instances of relevant serious irregularities in respect of store accounts, stock verification etc. which are considered important enough to be brought to the notice.

9.4.4.1. AAC should embrace all the expenditure contained in the accounts of that year and should also depict as a whole the correct results of internal audit conducted vis-a-vis the entire DRDO expenditure. The certificate should be self-contained, comprehensive and precisely worded. In cases of any reservations or qualifications, a few specific and glaring instances in support of each such reservation or qualification should be furnished separately as an Appendix.

9.4.4.2. The AAC and the various statements will be prepared after examining all objection statements (including those issued by the LAO) and other documents containing a record of the charges complied in the accounts of the relevant year which have been placed under objection for want of sanction of Govt. of India. To facilitate the preparation of Annual Audit Certificate, a register will be maintained in each audit section of the Controller's office and also by each LAO, showing items of the nature referred to above placed under objection and the subsequent progress of the objection with Notes on the final orders issued.

9.4.4.3. Controllers will also keep a close watch over the progress made in respect of each of the various reservations made in the Annual Audit Certificate and its various Annexures. A quarterly progress/follow-up report for Quarter ending September, December & March will be rendered to the CGDA showing the position of each of the reservations and outstanding items. The detailed instructions regarding preparation of Annual Audit Certificate have been enumerated in Para 541 Defence Audit Code Vol.-II (Edition 1992).

**9.4.5. Appropriation Accounts:** The Financial Adviser, Ministry of Defence (Fin) is responsible for preparation of Appropriation Accounts of the Defence Services and for their submission to the C&AG and the Director of Audit (Defence Services) on the 15<sup>th</sup> January of the year following that to which they relate. A proof copy of the accounts will be sent to those officers on the 15<sup>th</sup> December. The object of the Appropriation Accounts is to present the audited accounts of expenditure from the Appropriations for the year with full explanations of all important variations between final appropriations and the actual expenditure. The appropriation accounts also contain a general review of expenditure of Defence Services as well as miscellaneous observations. The important statements include the following:

- |            |   |
|------------|---|
| Appendix-A | Statement of Losses of Cash, over payment etc. finally dealt with during the year   |
| Appendix-B | Statement showing the total amount of Store Losses of various categories dealt with finally during the year.  |
| Appendix-C | Statement of Infructuous Expenditure exceeding Rs.1 lakh in each case with complete details and aggregate value of all other items of infructuous expenditure between Rs.10,000 to Rs. 1 lakh finally dealt with during the year. |

Appendix–D Statement showing variation between the year's original allotment and expenditure in respect of works carried out during the year.

(Defence Audit Code Para No.532-535 Volume-II, Edition-1992)

9.4.6. The following important Reports and Returns (other than those mentioned above) are compiled and rendered to HQ office by Internal Audit section:

Sl. No.	Subject	Periodicity
1.	Quarterly Target Achievement Report	10 <sup>th</sup> of the month following the quarter
2.	Report on outstanding TA/DA & LTC Demands	Half-yearly by 10 <sup>th</sup> July, and 10 <sup>th</sup> January
3.	CGEIS	31 <sup>st</sup> January

9.5. The Internal Audit Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which is to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – INTERNAL AUDIT SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Register of LTAR
6.	Register of TPC cases
7.	Register of PAC cases
8.	Register of IAR
9.	Register of MFAI
10.	Register of Loss Regularization
11.	Register of Scheduling of Vouchers
12.	Instruction Order Register

**Annexure 'B'****List of Reports & Returns - Internal Audit Section**

<b>Sl. No.</b>	<b>Nature of Report &amp; Returns</b>	<b>Periodicity</b>	<b>Due Date</b>	<b>To whom sent</b>
1.	Weekly Report	Weekly	First working day of the next week	O&M
2.	Monthly leave statement	Monthly	5 <sup>th</sup> of the following month	AN-I
3.	Monthly Progress Report	Monthly	5 <sup>th</sup> of the following month	AN-I
4.	Monthly Briefing report	Monthly	5 <sup>th</sup> of the following month	CGDA
5.	Cash losses	Quarterly	15 <sup>th</sup> August, 15 <sup>th</sup> November, 15 <sup>th</sup> February and 31 <sup>st</sup> May	CGDA
6.	Store Losses	Quarterly	15 <sup>th</sup> August, 15 <sup>th</sup> November, 15 <sup>th</sup> February and 31 <sup>st</sup> May	CGDA
7.	MFAI	Quarterly	20 <sup>th</sup> of the month following the month	CGDA
8.	Linking of Foreign Invoices	Quarterly	10 <sup>th</sup> of the month following the quarter	CGDA
9.	Target Achievement Report	Quarterly	10 <sup>th</sup> of the month following the quarter	CGDA
10.	Hindi Report	Quarterly	10 <sup>th</sup> July, 10 <sup>th</sup> Oct, 10 <sup>th</sup> Jan & 10 <sup>th</sup> April	CGDA
11.	Infructuous Expenditure Report	Half Yearly	7 <sup>th</sup> November and 31 <sup>st</sup> May	CGDA
12.	Internal Audit report	Half Yearly	20 <sup>th</sup> October and 20 <sup>th</sup> April	CGDA
13.	TA/DA/LTC Report	Yearly	As per date circulated	CGDA
14.	Cash Losses	Yearly	31 <sup>st</sup> May of the following year	CGDA
15.	Store Losses	Yearly	31 <sup>st</sup> May of the following year	CGDA
16.	Infructuous Expenditure Report	Yearly	31 <sup>st</sup> May of the following year	CGDA
17.	Annual Audit Certificate (AAC)	Yearly	As per date circulated each year	CGDA
18.	Position of cases included in AAC as on 30 <sup>th</sup> September	Yearly	7 <sup>th</sup> November	CGDA
19.	Further progress in r/o the same as on 31 <sup>st</sup> December	Yearly	20 <sup>th</sup> January	CGDA

20.	Subsequent Progress showing the position as on 31 <sup>st</sup> March	Yearly	15 <sup>th</sup> May of the following year	CGDA
21.	CGEIS Report	Yearly	31 <sup>st</sup> January	CGDA

## Chapter - 10

### STORE SECTION

10.1. **Introduction:** DRDO Labs and Establishments in pursuance of Research & Development of technologies in the field of Defence Sector procure various stores and scientific equipments etc., and submit local purchase/contractor's bills for audit and payment to CDA/PCDA (R&D) against these procurements. Such bills are dealt with in the Store Section. The objectives and duties of stores section and the internal audit checks exercised during the payments of these bills are described in detail in Chapters VII and VIII of OM Part II Volume-1. Moreover, Chapter X of F.R. Part I, Chapter 10 of Defence Audit Code, Purchase Management Document-2006 (as amended) and General Financial Rules 2005 (as amended) should be referred to while authorizing the payment of bills.

#### 10.2. **Scope of Work:**

- a. Audit of sanctions pertaining to procurement of stores etc.
- b. Ensuring availability of budgetary allotment to relevant heads of expenditure before releasing the payments.
- c. Authorization of cash assignment & post audit of paid vouchers thereof. In addition, adjustment of cashbook and accounts of cash assignment is to be ensured regularly.
- d. Audit of cashbook of the Cash Assignment.
- e. Audit of Contracts/Supply Orders etc. It should be done as soon as advance copy is received in the office.
- f. Scrutiny of bills received from the Labs/Establishments for payment.
- g. Authorization of opening of Letter of Credit/Direct Bank Transfer and subsequent adjustment and audit of documents related to imported stores.
- h. Adjustment of MROs/Inter-Service Adjustment (ISA) vouchers/CP Vouchers etc.
- i. Audit and maintenance of accounts for resource generation activities and handling related expenditure.
- j. Clearance and originating DID Schedules for Defence Exchange Accounts.

**Note:** The topics mentioned at c, g and i above i.e. Cash Assignment, Foreign Payments and Resource Generation have been described in detail separately in sub sections at the end of this Chapter.

### 10.3. **Audit of Sanctions:**

10.3.1. In addition to the detailed checks prescribed in paras 4.1 to 4.9 of Internal Audit Manual for R&D, following procedure is required to be observed for audit of sanctions pertaining to procurement of stores/services:

- a. The audit section concerned will enter the sanction letter in the Register of sanctions giving brief details of the sanction letter No & date, Project/Sub Project name and number, nature of expenditure, amount, Period (PDC) and/or any other relevant details, if any. Any corrigendum and amendment to the Sanction should be listed and kept together for correct and smooth linkage.
- b. If the sanction is found to be deficient of any of the audit aspects outlined below, it should be referred back to the sanctioning authority for seeking clarification and till such time the sanction letter should not be acted upon. Care should however be taken not to raise piecemeal observations and all the points noticed should be communicated to the issuing authority in one go.

#### 10.3.2. **Points to be seen during the Audit of sanctions:**

- a. An ink signed copy of the sanction letter is received bearing the number and date of issuing office.
- b. Signature(s) of issuing authority tally with those recorded in the Specimen Signature Register maintained in the office for this purpose.
- c. Whether the sanctioned amount under the relevant Schedule of Delegated power is within the powers of sanctioning authority
- d. If the letter is signed by an authority other than the sanctioning authority, necessary delegation from the sanctioning authority exists for signing of such communications.
- e. Concurrence of IFA, wherever required, is obtained and the details of IFA's UO No. is endorsed on sanction letter.
- f. The budget head details (Major, Minor & detailed head) indicated in the sanction letter are correct and are relevant for the type of expenditure sanctioned.
- g. Availability of funds under the relevant head of account exists.
- h. In case sanctions on account of procurement of items against sanctioned projects, buildup or maintenance, SPC recommendations duly approved by the CFA are to be looked into as per the provisions of PM-2006.
- i. Sanctions of cash purchase of materials are to be scrutinized to see that the items are of urgent nature like parts/components for trials of major equipment and systems at outstation or to meet requirement of an unanticipated,

emergent and shut-down purchases required to be made at a short notice in the event of breakdown or crisis.

- j. To see that the provisions contained in Para 7.6 to 7.9 of Purchase Management 2006 are complied with while deciding the mode of tendering.
- k. The sanction is supported by Minutes of the TPC/NC in all TPC cases and the guidelines prescribed in Para 7.15 to 7.22 of PM-2006 are complied with.
- l. In case of sanctions involving authorization of advance payment to PSUs/Government Departments it should be seen that the concerned Dept/PSU has insisted for the same and the recommendations of the TPC/NC on this aspect have been approved by the competent authority.
- m. In the case of sanctions involving renewal of maintenance contracts under the provisions of Para 7.34 of PM-2006, whether the sanctioning authority has analyzed the price trend and the escalation in cost of the renewed contract is not more than 10% of the existing contract rates.
- n. In case of sanctions involving purchase of computer systems, it should be seen that the guidelines stipulated in Para 7.35.1 to 7.35.6 of PM-2006 are adhered to.
- o. In case of sanctions for replacement of existing old item(s) with a new and better version item of same use it should be seen whether the buyback clause has been incorporated in such sanction letters.
- p. In the case of sanctions involving payment of escalation/enhancement in cost it should be seen that the conditions as stipulated in Para 7.43 of PM 2006 are fulfilled and the revised value including the escalation and/or enhancement in cost is within the financial powers of the sanctioning authority.
- q. For price escalation/enhancement on account of increase in statutory levies, sanctioned during extended delivery period, it is to be ensured that the delay is not attributable to the vendor.
- r. In the case of sanctions involving revision of delivery period (DP) it should be seen that the guidelines prescribed in Para 7.44.1 to 7.44.2 of PM-2006 are complied with and necessary approvals for waiver of LD have been obtained.
- s. Cases of splitting of sanctions to avoid sanction by higher CFA or to avoid concurrence by IFA need to be objected and intimated to higher executive authorities.

10.4. **Scrutiny of Contracts/Supply Orders:** Following procedure is to be observed while scrutinizing the Contracts/Supply Orders/Work Orders/Job Orders:

- a. Contracts/Supply Orders are to be received in Store Section only after necessary diarisation in 'R' Section.
- b. The Contracts/Supply Orders are duly checked and if found correct the same are filed in respective Project/Lab files. If the Contracts/Supply Orders are found deficient of audit requirements, the same are placed under objection and pursued to finality.
- c. Scrutiny of contracts/supply orders needs to be completed as soon as advance copy of the same is received.

10.4.1. **Audit Checks:** Following points will be seen during the audit of Contracts/Supply orders:

- a. The Contracts/Supply Orders have been received duly supported with the approved demand, copy of tender enquiry, price bids in original, copy of sanction letter, copy of SPC/TEC minutes, copy of CST/PAC concurrence by IFA/CDA/PCDA, and copy of TPC Minutes, EPC (Equipment Procurement Committee) concurrence in case the procurement is beyond the delegated powers of the Lab Director.
- b. All the terms and conditions prescribed in the CST/PAC or TPC minutes are incorporated in contracts/supply orders.
- c. General Principles of the contract/supply orders are in line with those detailed in Rule 204 of GFR 2005:
  - i. The terms of contract/SO are precise and definite and contain no uncertain liability.
  - ii. Standard form of Contract/SO has been used.
  - iii. Contract Agreement / SO has not been made with a minor. If made, it should fulfill all legal formalities.
  - iv. There is provision of budget allotment under the relevant head of accounts.
- d. Lowest eligible tender has been accepted. Otherwise the reasons for acceptance of other than lowest tender are spelt out in the minutes of TPC and the same have been accepted by the competent authority.
- e. All guidelines/instructions of CVC in respect to procurement activities have been complied with.

- f. The company/agency offering tender is a registered firm.
- g. The payment terms are clearly defined in the Contract/SO including IT/ST recovery conditions.
- h. In addition the following clauses should also be incorporated in the contract/SO:
  - i. Delivery Date. It should be specific and not ambiguous or conditional. If not separately specified, delivery period includes the period required for inspection, acceptance, installation and commissioning of equipments/machinery/stores.
  - ii. Liquidated Damages Clause.
  - iii. Security Deposit (10% of total contract value including taxes for a period of the contract)
  - iv. Warranty period.
  - v. CDEC/ EDEC.
  - vi. Force Majeure clause.
  - vii. Arbitration clause.
  - viii. Deduction of Income Tax at source (TDS), wherever applicable.
  - ix. Terms of payment. For any advance payment, a bank guarantee/indemnity bond (in case of Defence PSUs/Brahmos) of equal amount should be obtained before release of advances.
  - x. Performance Bank Guarantee (from any public sector banks).
  - xi. Details of taxes.
  - xii. Option clause (it cannot exceed 50% of the tendered quantity).
- i. Supply order is placed after obtaining the sanction of appropriate CFA, based on recommendation of TPC.
- j. Supply order contains standards terms and conditions of contract particularly delivery period, standard L.D. clause etc.
- k. All bids in open/global tender enquiry have been correctly shown in CST even if the bids are non-responsive.
- l. In case of LTE, STE and PAC, appropriate reasons have been recorded by SPC and the same have been accepted by CFA with the concurrence of IFA.
- m. In case of PAC, appropriate CFA has issued PAC in approved form duly recording adequate reasons with concurrence of IFA.
- n. Rates in supply order are reasonable, duly justified by TPC with reference to estimated cost which is also realistically worked out with due justification.
- o. In case of imported items, the vendor is Original Equipment Manufacturer (OEM) of foreign origin or a duly authorized Indian agent, having agency

- agreement with foreign OEM. In such cases, proforma invoice of foreign OEM may be insisted to ensure the reasonability of rates.
- p. Items in supply order are duly authorized, under maintenance or build-up or project.
  - q. The code head given in supply order is correctly indicated as per the latest Classification Handbook (CHB).
  - r. Availability of funds under appropriate head is ensured including Foreign Exchange where applicable. In case of imported stores, funds must be available at the time of opening of LC and then, its adjustment to correct service heads.
  - s. Basic taxes and duties have been correctly and separately indicated in supply order. In case of all inclusive rates, due justification has been provided in its support.
  - t. Security deposit, where provided, has been obtained in favour of CDA/PCDA (R&D), in approved forms as provided in FR/GFR/PM and having proper validity.
  - u. Payment terms in supply order are standard ones, safeguarding interest of state.
  - v. No late/delayed tender has been accepted.
  - w. In case of waiver of LD, it is to be ensured that same has been waived by appropriate CFA in consultation with IFA, duly recording adequate reasons.
  - x. CST has been prepared properly from quotations, interalia taking into account basic price, taxes, duties and discounts if any, on all inclusive basis. This will include incidental charges i.e. packing and forwarding and transportation charges.
  - y. TPC has been duly constituted and amongst others, an appropriate representative of finance is associated. Due justification with reference to vendors, competitiveness of offers, quantity proposed for procurement, reasonability of rates, payment terms etc. have been recorded in TPC after due deliberations.
  - z. In case of transport contracts, the various types of transport and services required are given in detail under each heading as applicable to local conditions.
  - aa. Audit Checks for special conditions of Contract:
    - i. Provision of sample/prototype to be included wherever relevant.
    - ii. Price Variation clause for long term contracts (having more than 18 months as gestation period).

- iii. Exchange rate variation clause for imported stores or the contracts where import content is significant.
- iv. Inspection clause.
- v. Provision for safeguarding the Government property entrusted to the contractor in case of fabrication/manufacturing contracts.

#### 10.5. **Audit of LP Bills:**

10.5.1. Following procedure to be observed while auditing and processing LP bills for payment:

- a. The bills are distributed amongst the Auditors as per the work distribution made in the section and all the bills are entered in their respective workbook.
- b. All the audit checks as per Para 10.5.3 are applied for detailed audit of bills.
- c. The availability of funds is checked. Thereafter bills are submitted to AAO along with Income Tax Register for passing of bills.
- d. Pages in the Income Tax Register are allotted Firm-wise to avoid double payments.
- e. The bills are thereafter submitted to officer I/C store section for his scrutiny and signature on payment order and return of the documents to the section.
- f. Thereafter the CRVs enclosed with the bills are sorted out unit-wise and the sorted CRVs are sent to LAO for linking and credit verification in Ledgers. The acknowledgements of vouchers scheduled to LAO are watched through scheduling Register.
- g. After that bills are processed through Office Automation system for generation of Cheque slip, PM and DP Sheet and forwarded along with the bills, duly signed, to `D` Section for release of payments.
- h. For manual payments, cheques are dispatched by Speed Post/Registered Post under the supervision of an AAO.
- i. The paid vouchers returned by `D` Section at the end of each month are serially batched and filed month-wise.

10.5.2. **Supporting documents for LP Bills:** Following documents should accompany local purchase bills:

- a. Contractor's bill in the prescribed format (IAFZ-68)
- b. Financial Sanction
- c. SO supported with CST/PAC (Concurred by CDA/IFA). TPC Minutes (wherever applicable)
- d. Amendment(s) to Supply Order (if any, like extension of delivery period, amendment in terms of payment, amount etc.)

- e. Original copy of Invoice
- f. Certified Receipt Voucher
- g. Buyer's copy of the Tax invoice/challan (as proof of payment of excise duty – Gate Pass)
- h. Supporting documents for payment of Packing/Forwarding/Insurance or Freight.
- i. Warranty Certificate and CTC copy of PBG (as decided in the payment terms)
- j. Bank Guarantee/Indemnity Bond for advance payment
- k. In case of AMC/Job Order, a job completion certificate is required in lieu of CRV.
- l. Any other documents required as per the SO conditions.

10.5.3. **Audit Checks:** Following points will be seen during the audit of LP Bills:

- a. The bill is in original and is on the prescribed format.
- b. The bill is preferred by the firm to whom SO has been issued or the person who is authorised to do so by the firm.
- c. The bill is forwarded by the Directorate under the signature of an officer whose specimen signature is available in the respective CDA/PCDA office.
- d. The bill is received duly supported with all the enclosures required.
- e. The bill is charged to correct head of Account and funds are available to meet the expenditure. If funds are not available, the bill is returned to Lab immediately. The bill should also clearly indicate the project/lab code.
- f. While scrutinising the bill in detail, it should be ensured that:
  - i. Sanction to incur expenditure exists.
  - ii. The bill is supported with SPC/TPC Minutes, CST/PAC (concurring by CDA/IFA).
  - iii. The bill is supported with the documents of packing/forwarding and insurance or Freight.
  - iv. The bill is supported with original copy of Vendor's Supply Order
  - v. The stores are supplied within the due date as mentioned in the Contract/Supply order and if not, suitable amendment (s) to supply order giving extension of time with/without LD duly complying with the conditions attached to it as stipulated in PM-2006 is enclosed.
  - vi. CRV properly priced taking into account the taxes paid, FIM utilized etc., is enclosed.
  - vii. Signature of officer countersigning the bill has been verified with the Specimen Signature Register.
  - viii. The rates charged, quantity supplied is as per Supply Order.

- ix. Income Tax/Sales Tax wherever applicable, has been charged and has been correctly noted in Income Tax Register.
- x. Where advance payment is to be made, necessary bank guarantee to be enclosed and necessary entries are to be made in the Advance Payment Register. At the time of final payment, the same should be linked with the corresponding entries in the advance payment register.
- xi. The buyer's copy of the invoice (as proof of payment of excise duty) should also be enclosed.
- xii. Warranty Certificate or copy of PBG (as decided in the payment terms) should be enclosed. It should be ensured that the validity of the PBG/Indemnity bond covers the warranty period plus two months.
- xiii. In case of any deviation from the purchase procedure laid down in the PM 2006, the concurrence of the IFA (R&D) in terms of Para 1.5 PM 2006 has been provided.
- xiv. The SPC/EPC approval has been revalidated in cases Supply order has been awarded after a lapse of one year of SPC/EPC approval as detailed in Para 4.4.2 (j) of PM-2006.
- xv. All the conditions laid down in the Contract/Supply order has been fulfilled and the requirements/requisite certificate as per the Contract/Supply order has been completed/provided.

**10.6. Specific checks with reference to different claims dealt with in Store section:**

**10.6.1. Advance Claims:**

- a. The Contractor's bill/Contingent Bill is prepared in the prescribed format and is complete in all respect.
- b. Authority for advance is quoted in the bill supported with documents.
- c. Financial sanction letter is enclosed.
- d. Previous payment details are mentioned in case of subsequent advances.
- e. Proper Bank Guarantee/Indemnity Bond is enclosed.

**10.6.2. Maintenance Contract Claims:**

- a. Contractor's Bill has been prepared in the prescribed format and is complete in all respects.
- b. The authority for payment is mentioned in the bill.
- c. CRV / Job Completion certificate is enclosed.
- d. Previous payment detail is mentioned in the bill.

#### 10.6.3. **Cash Purchase Claims:**

- a. DRDO MM-10 is complete in all respects.
- b. Authority for cash purchase is quoted.
- c. The cash purchase is within the ceiling limit.
- d. Invoice in original is enclosed.
- e. CRV / completion certificate is enclosed.
- f. Advance if drawn has been adjusted.

#### 10.6.4. **Telephone Bills / BSNL / ISDN / Leased Line Bills:**

- a. Contingent bill is prepared and is complete in all respects.
- b. Telephone bill received from BSNL is enclosed.
- c. Terms and conditions of the agreement at the time of releasing advance payments in case of leased line should be verified.

#### 10.6.5. **Balmer & Lawrie Co. Freight Carriage Charges:**

- a. Contingent bill is prepared and is complete in all respects.
- b. Authority for the claim is enclosed.
- c. Freight carriage / Air ways bill is enclosed.
- d. Invoice in original is enclosed with claim.
- e. In case of non preparation of CRVs, a certificate to the effect that the items mentioned in the Airway bill have been handed over to the Lab is enclosed.
- f. Demurrage charges are verified with reference to terms and conditions of contracts/supply orders.

#### 10.6.6. **Consultancy Payment Claims:**

- a. Contingent bill is prepared and is complete in all respects.
- b. Terms and conditions for payment are complied with.
- c. The agreement has been received and audited.
- d. The period of consultancy is indicated with rate.
- e. Previous payment details are enclosed in case of running payments.
- f. Income tax is deducted at appropriate rate.
- g. Invoice in original and completion certificate, wherever applicable is enclosed.

#### 10.7. **Adjustment of MROs and Inter Service Adjustment (ISA) vouchers:**

##### 10.7.1. The MROs received in the section are adjusted as follows:

- a. Original copies of MROs received from Labs with bank's endorsement are verified and adjusted duly linking earlier payment details (if any) by making transfer entries and submitted for approval.
- b. The MROs are to be acknowledged to the Office from where it is received.
- c. The adjusted MROs are to be forwarded to Accounts Section duly indicating TE number.

- d. While adjusting the MROs on account of RG receipts/Deposit works necessary entries are to be made in the respective registers.

10.7.2. **ISA Vouchers:** Inter Service Adjustment Vouchers are received from various LAO offices when items like medicines, petrol, diesel etc are received by DRDO Establishments from Air Force, Army, Navy, Ordnance Factories etc. The ISA vouchers are adjusted as under:

- a. These vouchers are to be adjusted through Class II PM by debiting to the respective service heads and forwarded to the LAO's office for credit verification together with a copy of the punching media.
- b. The arithmetical accuracy of each voucher is to be verified and the vouchers are to be segregated Establishments/Lab wise.
- c. It is to be seen that the code head, to which the expenditure is to be compiled, is mentioned in the Vouchers/forwarding memo and is correct.
- d. Receipt and adjustment of ISA Vouchers is to be acknowledged.

10.8. **Contracts for Acquisition of Research/Professional Services (CARS/CAPS):** When Labs/Establishments/Programmes (hereafter referred to as L/E/P) seek the expertise, and access the facilities, of academic institutions, they are subject to follow same 'Purchase Procedures' as set-down for the purchase of tangible goods in the document 'Purchase Management 2006' issued by the Directorate of Materials Management. Sometimes, at the instance of L/E/Ps or on their behalf, other pre-identified requirements of L/E/Ps for research services from academic institutions are met also through 'Grants-in-aid' disbursed from DRDO Headquarters. Experience with existing procedure has established the imperative need to draw a clear distinction between 'Grants-in-Aid' to academic institutions, and the provision of research services by them to L/E/Ps to cater to the latter's direct requirements. Thus, the mere fact that the research work is being performed by an academic institution is not reason enough for that work to be funded through 'Grants-in-Aid'. What is of relevance is the purpose and 'customer' of the research being performed. To make operational the necessity distinctions, a new instrument to be known as 'Contracts for Acquisition of Research Services (CARS)' and 'Contracts for Acquisition of Professional Services (CAPS)' for the procurement of research/professional services from academic institutions has been created.

10.8.1. Points to be seen while auditing the expenditure relating to them:

- i) That the sanction of the appropriate CFA is enclosed.
- ii) That the sanction has not been split up to merely bring it under the financial powers of lower CFA.

- iii) That the estimated expenditure at item 9.1 of 'Summary Offer of Provision of Research Services' is accurate and supported by detailed break up furnished by the Research Service Provider.
- iv) That the Agreements are entered into only with Research/Academic institutions as defined in the instrument.
- v) That the contracts are not concluded for hiring of manpower under the pretext of consultancy.
- vi) That the equipment which is in the inventory of L/E/Ps whenever placed at the disposal of RSP for execution of the contract is returned on completion of the execution of the contract.
- vii) That all equipment of a capital nature purchased under the above contract is the property of L/E/Ps and hence should be returned within 3 months from the date of completion of the Contract. Necessary CRV is to be looked into and scheduled to LAO for credit verification.
- viii) That the advances paid against the contracts are subject to utilization of the monies already released. Necessary Utilization Certificates are to be looked into in audit.
- ix) That the un-utilized monies already released are returned in case of short closure of CARS/CAPS.
- x) That the Service Tax claimed by the Academic/Research Institutes is duly supported by proof of payment.

#### 10.9. **CASH ASSIGNMENT:**

10.9.1. **Introduction:** Labs/Establishments under DRDO are authorised to have Cash Assignment vide Govt. of India Ministry of Defence New Delhi letter No. 87567/RD-26/3849/D(R&D) dated 26.04.1972 reiterated/scope extended under letter dated 16.02.1974 & 01.03.1979 so as to enable them to make payments of urgent nature. The above authorisation was made knowing the fact that most of the labs/Establishments were then not co-located with their pay offices and difficulty was being experienced by them in getting such payments released within reasonable time through pay offices located at far off places.

10.9.2. **Definition:** Cash Assignment is a Letter of credit issued by a CDA/PCDA in favour of the Disbursing Officer, authorizing a particular Treasury or bank to make payments demanded, up to the limits specified therein. After obtaining Govt. of India sanction for placement of Cash Assignment, the Directors are required to intimate their cash requirements, showing the amount required for each month during a financial year to the PCDA/CsDA (R&D) concerned, along with the details of Budgetary Allocations made by the Directorate of Budget Finance & Accounts (DBF&A). Necessary scrutiny will be

carried out by Audit section and 'D' section to ensure that the proposed amounts are compatible with the anticipated cash expenditure of the Labs/Establishments and are within the Budgetary Allocations. Thereafter the requisition is transmitted to Disbursement section to release the authorized Cash Assignment. The authorization letter is forwarded to the specified bank indicating the amounts allotted to the Directors for each month under advice to the concerned audit section and Accounts Section of the Main Office of PCDA/CsDA (R&D). Supplementary Assignments, if any, is also required to be dealt with by adopting the same procedure. Drawings out of Cash Assignments will be exclusively through defence cheques supplied by the concerned PCDA/CsDA (R&D) on which the Lab/Establishments is dependent.

**10.9.3. General conditions for operations of Cash Assignment:**

- a. Cash Assignment should not be transferred mutually by any DDO's without formal surrender of funds to the Controller of Defence Accounts, by the officer desiring such a transfer.
- b. The disbursing officer shall not commence to operate CA A/c without forwarding his specimen signature duly attested by cash assignment holder to the treasury/bank and receiving intimation from the treasury/bank that his specimen signature has been recorded.
- c. No excess payment shall be drawn from treasury officer/banks than the authorized through the assignment during the period specified.
- d. The disbursing officers are responsible to watch their own demands and the demands of their sub-ordinate Establishments for the purpose of Cash Assignment.
- e. A DDO may arrange, in communication with the CDA for the transfer of full or part of his assignment from one treasury or bank to another.
- f. As far as possible, annual estimate with monthly requirement should be given to CsDA by first of January every year, indicating the treasury on which assignment is required.
- g. All drawings from assignment are to be made through the treasury or bank by way of using exclusively the cheque books supplied by CDA.
- h. Any unspent balance on the last day of the financial year will lapse. But the amounts of the cheques drawn before but paid after the end of the financial year, will be taken against the balance of the assignment of the year, in which the cheques were drawn. Cash balance held, if any, on the last working day of the financial year is required to be remitted into treasury through MRO.

- i. CA can be arranged on the treasuries or the banks nearest to the station, at which periodically recurring payments are to be made by the disbursing officer even if he is located far off from that nearest station.

**Note:** In the context of R&D, all the Directors of Labs/Establishments and Director of Special Projects/programmes with separate Unit Code are DDOs.

**10.9.4. Requisitions for the Cash Assignment received from Labs/Establishments will be authorized in the following manner:**

- a. On receipt of the requisition for Cash Assignment the same will be scrutinised in Audit Section to ensure that the requirement is realistic. From the 2<sup>nd</sup> quarter of every financial year a review of balance of cash assignment available with the unit should be carried out before authorising further cash assignment. It is also essential to take into account the cash balance in hand, out of the cash assignment authorised during previous quarter/month, while scrutinizing the requisition for cash assignment.
- b. The cash requisition is thereafter sent to budget monitoring section to verify that funds to that extent are available. The amount of the requisition will be noted in the Cash Assignment Register of Audit Section.
- c. Thereafter the Audit Section will authorize 'D' Sec to place the Cash Assignment in favour of the Labs/Establishments on the specified Treasury/Bank.
- d. 'D' Section will authorise the concerned Bank to honour the cheques issued by Labs/Establishments to the extent of amount of the requisition passed by Audit section. The period up to which the authorisation is valid should also be indicated in the authorisation letter. The copies of the authorisation letter will also be endorsed to Labs/Establishments and Audit Section from which requisition is received.
- e. Drawings against the Cash Assignment authorised to Labs/Establishments will be watched by 'D' Section through a register in IAFA 277 in which separate pages will be opened bank wise for each Lab/Establishments in which Cash Assignments are placed. The assignment granted and monthly drawings against Cash Assignment will be entered in this register and balance worked out at the end of each month. In cases of over draws of cash assignment the concerned Labs/Establishments will be called upon to explain the reasons for such over drawl and matter will be reported to the next higher authority for taking necessary administrative measures.

10.9.5. **Transfer of Assignment:** The Director, in consultation with the CDA/PCDA (R&D), may arrange for transfer of the cash assignments from one Treasury or Bank to another. In such cases the cash balance lying in the assignment required to be transferred, is to be first surrendered in favour of CDA/PCDA (R&D) through MRO. The MRO should be sent to the CDA/PCDA (R&D) for adjustment and thereafter he will arrange for cash assignment for the requisite amount, in favour of the Director on another Bank/Treasury.

10.9.6. **Utilisation of Cash Assignment:** Payment out of Cash Assignment is required to be made in the following cases only:

- a. Advance payment to Govt. Department/Public Sector Undertaking up to full contractual value, wherever insisted upon by the Seller and if such a provision exists in the agreement.
- b. Advance payment up to the extent of 90% / 95% to private firms out of Cash Assignment if so provided for in the Contract Agreement/Supply Order. However, such advance payments shall be restricted to amounts not exceeding Rs 1 lakh.
- c. Full payment up to the extent of Rs 20,000/- for purchases made from the firms against supply orders/agreements by cheque, after obtaining the delivery of stores/services in satisfactory conditions on the spot in exceptional circumstances, such as :
  - i. Where some benefit to Govt. by way of cost discount is offered by the suppliers.
  - ii. Where the firm insists for such conditions and no other condition is acceptable to the firm.
  - iii. On grounds of urgency at the discretion of Head of Establishment.
- d. Cash purchase of store across the counter up to Rs 15000/- per transaction can be made out of Cash Assignment. In this connection procedure outlined in PM-2006 will strictly be followed.
- e. Advance of TA/DA in exceptional circumstances when time does not permit drawl of cash advances from pay offices. It is, however, to be ensured that this practice is not made a routine.
- f. Freight charges for conveyance of stores by road where liability is that of Defence services and where sanction of the competent authority for conveyance of store by road is obtained.
- g. Payment of custom duty.
- h. Payment of telephone bills.

- i. The following miscellaneous contingent items can be paid out of CA without pre audit by the Accounts office:
  - i. Postage labels
  - ii. Upkeep of office bicycle
  - iii. Binding charges
  - iv. Passport fee
  - v. Medical advances as per prescribed procedure paid directly to hospitals in emergent cases
  - vi. Cartage charges of stationery.
  - vii. Payment of water/electricity bills for office premises, made directly to the concerned state authorities.

10.9.7. However, after review of Policy on holding Cash Assignment in a meeting held on 25.6.96, the following payments are only authorized to be met out of Cash Assignment Account by the Labs/Establishments.

- a. Pay & Allowances of industrial employees.
- b. Advance Payment LP up to 90/95%, when insisted by vendors (in exceptional cases only).
- c. 100% spot payment by cheque up to Rs.20,000/-
- d. Advance of TA/DA only in exceptional cases, when time does not permit to draw advance from CsDA.
- e. Telephone bill payments
- f. Customs duty & Freight charges
- g. Miscellaneous expenditure

**10.9.8. Operation of Cash Assignment and submission of Cash Accounts:**

- a. Directors of Labs/Establishments authorised to operate cash assignment will, before commencing to operate the account, forward the specimen signature of the officer authorised to sign cheques on their behalf (duly attested by them) to bank on which the cash assignment is placed. Before sending the specimen signature to the bank, signature code of the officer authorised to sign the cheques will have to be got allotted from the concerned CDA/PCDA (R&D) under intimation to bank. The cash assignment will be operated only on receipt of intimation from the bank regarding receipt of specimen signature and signature code.
- b. Drawings against cash assignment will be made exclusively through Defence cheques supplied by the pay offices (R&D).
- c. Unspent balance on the last day of the financial year will lapse to Govt.
- d. Transactions made out of cash assignment will not pass through the Public Fund Accounts Cashbook. Separate Cashbook will be maintained to account for the

drawl/expenditure against the assignment. Two cashbooks for accounting cash assignment transaction for alternative months are permissible. Under no circumstances cheques exceeding the amount of cash assignment will be issued. To ensure this in addition to the cash book a subsidiary record should be maintained showing the daily expenditure and the amount of unspent cash assignment left with the unit. This document is susceptible to local audit, where the balance of cash and reconciliation statements are verified by LAO during Cash Inspection.

- e. Entries in the cash book will be made simultaneously as and when a transaction takes place under the dated initial of the cash officer. In no circumstances work relating to writing of cash transactions in the cash book may be allowed to fall in arrears.
- f. The counter folios of the cheque book will be completed simultaneously with the issue of cheque under the dated initial of the cash officer.
- g. Cutting, overwriting in the cash book is strictly prohibited. In the event of cutting, overwriting occurring in the cash book the entries are required to be scored off and fresh entries made in red ink under the dated initial of the cash officer.
- h. The Schedule III shall be prepared strictly as per the following prescribed norms :
  - i. The schedule III should be prepared daily and concurrently with cash book entries made in the cash book.
  - ii. It should be a replica of the cheque issued.
  - iii. It should give the complete information viz. date of payment, cheque no., Cheque amount and name of the payee.
  - iv. Schedule III should be sent every week to the CDA/PCDA (R&D).
- i. Cash out of Cash Assignment may be drawn to the extent of immediate requirement only. In no case heavy cash balance in hand is allowed.
- j. Every payment made out of Cash Assignment should be supported by bills/quotations/CST/supply order/CRVs etc. duly approved/passed by the officer authorised for the purpose. The officer authorised to approve/pass the bills should be other than the cash officer preferably a senior officer of the establishment.
- k. Advance payment to the firms may be made against pre receipted bills, documents relating to proof of inspection/dispatch after obtaining bank guarantee of the equal amount from the firms.
- l. All the payments to suppliers will be made by electronic mode of payment or through crossed/account payee cheques. Cheques are to be dispatched through Speed/ Registered post at the payee's cost. For this purpose a condition to this effect may be made in the supply order.

- m. In case of payments made on account of TA/DA advance, intimation regarding the same may be sent to pay offices concurrently. A reference of No. and date of letter under which advance intimation is sent, should also be quoted in the requisitions, which will accompany the cash account.
- n. All bills and vouchers paid out of Cash Assignment will be enfaced with Unit Code/Project Code/Resource Generation Project code, as the case may be.
- o. Cash Assignment cashbook will be closed on 25<sup>th</sup> of the month and submitted within two working days thereafter to the CDA/PCDA (R&D). Cashbook for the month of March each year may, however, be closed on 31<sup>st</sup> of March and submitted to Pay Office by 5<sup>th</sup> of April each year.
- p. Claims other than those referred above will be sent to CDA/PCDA (R&D) for pre-audit and payments duly supported with the relevant vouchers.
- q. A certificate to the effect that cash in hand as on the date of closing of cashbook was counted and found to agree with the balance as shown in cashbook should be endorsed in the cashbook under the dated signature of the cash officer and the same should be countersigned by the officer authorised for the purpose.
- r. Advance payment made to the Govt. Department/PSUs/Private firms will be entered in a register and their adjustment watched. The details of all advance payments made should be listed and enclosed to the cash assignment account every month.
- s. No cheque will be issued in anticipation of the receipt of stores/dispatch of inspection documents. Cheques will be prepared only on receipt of store/documents. Care in this regard may be taken particularly in the month of March every year.
- t. Account (duly supported with cash memos/CRVs) for the cash given to LPO for cash purchase may be watched through a register. In no case cash given to LPO for cash purchase during a month should remain with him after 25<sup>th</sup> of that month. This register would be susceptible to Local Audit.
- u. Surprise check of the cash balances will be conducted by the officer deputed for the purpose by the Head of the Establishment on monthly basis. A certificate to this effect will be endorsed in cashbook by the surprise check conducting authorities.
- v. The monthly Cash Assignment account will be submitted to the CDA/PCDA duly supported with all the relevant vouchers/CRVs/Schedule III etc. No voucher should be left behind for submission at later dates. Schedule III should be submitted to the concerned CDA/PCDA on weekly basis. The number and date of

letter under which these schedules are forwarded should be shown in the last schedule III of each month.

- w. Details of vouchers relating to resource generation activities will be distinctly shown while forwarding the cash assignment account.
- x. At the close of the month, Labs/Establishments will obtain bank statement from respective banks and number, date and the amount of the cheques reflected therein will be reconciled with reference to those reflected in cashbook and schedule III. The result of reconciliation should be recorded in the cashbook before the same is submitted to CDA/PCDA (R&D) along with the bank statements pasted thereon for verification by LAO's.
- y. The Cashbook is subject to inspection by LAO.
- z. Resource generation Job No. and category code to be used, may be shown in red ink besides the Unit code.

**10.9.9. List of schedules and statements to be submitted with Monthly Cash-Assignment Account:**

**10.9.9.1. Schedules:**

Schedule III	List of cheques drawn from Treasuries/Banks on IAFA-129
Schedule IV	Disbursement statement on IAFA-130.
Schedule V	List of Remittance into Treasuries/Banks on IAFA-131 (supported by original copies of TRs)
Schedule VI	List of cheques cancelled during the month on IAFA-133. (Formats of these Schedules at Annexure 'C')

**10.9.9.2. Statements:**

Statement I	Expenditure debitable to Industrial Wages grant
Statement II	Expenditure debitable to I&M Grant
Statement III	Expenditure debitable to TA/DA.
Statement IV	Expenditure on account of movement of stores.
Statement V (a)	Expenditure on account of LP stores/advance payment to firms.
Statement V (b)	Expenditure on account of LP of Stores (Cash Purchases)
Statement VI	Expenditure on account of Custom Duty.
Statement VII	Income Tax recovery.

(Formats of these statements are at Annexure 'B')

**Note:**

1. Every voucher should contain the Unit Code of the Labs./Establishments./Project to which the expenditure pertains.
2. A summary of Statement I to VI will be prepared as per formats at Annexure 'D'. The total expenditure shown in summary of statement should tally with the total given in Schedule –IV. Disbursement Statement on IAFA-130.
3. A summary of Cash Assignment will be prepared as per format given in Annexure 'E'.
4. Annexure 'C', 'D' and 'E' will be submitted with Cash Assignment Account by Labs/Establishments. (Also see examples given at Annexure 'F').

**10.9.10. Adjustment and Audit of Monthly Cash Assignment Account:**

10.9.10.1. **Preparation of PM by the CDA/PCDA (R&D):** On receipt of the monthly Cash Assignment Accounts from Lab./Establishments together with all the documents as shown in Annexure 'C' (summary of cash assignment account), the CDA/PCDA (R&D) will prepare and send the Punching Mediums to the concerned EDP Centre for adjustment of transactions made during the month as under:

- a. The expenditure will be booked initially to Code Head 018/60 (Advances- Imprest Holder Account) through a Class V Punching Medium using the Unit Code of the concerned Lab/Establishments. {Annexure 'F' (Example 'A')}. Simultaneously Class II Punching Medium using the concerned project/unit code head will be prepared on the basis of Summary Statement I to VI submitted by Labs/Establishments. (See example 'F' in Annexure 'F') to clear the Suspense head (i.e. 018/60) and debiting the Service Heads of the concerned Unit/Lab/Project in the same month. (See example B to D to Annexure 'F') It is to be ensured that no balance is left outstanding under Suspense Head 018/60 at the end of month.

10.9.10.2. **Audit and Scrutiny of Cash Assignment Account:** Monthly Cash Assignment account along with all relevant bills/vouchers etc and cash book will be received from the Accounts Office of the concerned Labs/Establishments in the audit section of the CsDA/PCDA (R&D). The audit Section will carry out the audit of the account intelligently to see that the account has been prepared correctly and all Bills, Receipt vouchers, statements/schedules etc are enclosed properly with the account and thereafter carry out the audit of the same in accordance with the following guidelines:

- a. Opening balance brought forward from the previous month's cash book is correct.
- b. Totals of both the receipt and charge sides of the cash book are correct.

- c. The balance in hand has been certified by the officer holding the Cash Assignment as correct and actually in hand. A certificate to this effect has been endorsed in the cash book.
- d. The amounts received and disbursed have been correctly accounted for and are supported by relevant vouchers. No voucher/document has been left behind by Labs/Establishments.
- e. The result of monthly reconciliation of cheques issued (in the month) and reflected in cash book and schedule III with the bank debit scroll/withdrawal statement should be endorsed in the cash book. In case where Bank Withdrawal Statements are not being received by the Labs/Establishments., they should be highlighted through MFAI.
- f. No payment has been made from the cash assignment which under rules is required to be pre-audited.
- g. Unit Code/Project Code/Resource Generation Project Code number should be quoted in each voucher.
- h. The expenditure incurred is correctly classified.
- i. Closing balance is correctly worked out.
- j. All the entries in the cash book bear the dated initials of cash officer
- k. All cuttings /overwriting are attested by cash officer.
- l. Specimen signature of the officer signing the Assignment Account is verified and tallied with those held on the records of section.
- m. To ensure that two cash books are maintained and are used for alternative months.
- n. Heavy amounts drawn for cash purchase does not remain unaccounted for months together and the same are shown as cash in hand.

10.9.10.3. In addition to the above, following activities need to be completed after audit of the cash assignment account and respective vouchers:

- a. After exercising the above general scrutiny, class V vouchers for the transactions that have taken place in the month will be prepared. A copy of the P.M. will be sent to budget monitoring section.
- b. A summary of the Cash Assignment account showing cheques drawn and expenditure incurred will be sent to 'D' Sec also to enable them to complete their register. The cash books along with the observations if any will be returned to Labs/Establishments with endorsement "Arithmetically checked."
- c. Advance payment made out of Cash Assignment will be recorded in a separate Demand Register and their clearance watched.

- d. The cash vouchers received from Labs/Establishments along with the monthly account will be post audited with reference to the detailed checks covered under the pre-audit of bills, supply orders, sanctions in the relevant chapters of this manual. Thereafter the CRVs should be scheduled to the concerned LAOs for credit verification after properly entering the details of vouchers scheduled in the scheduling out Register.
- e. The objections/observations, if any, coming to the notice during post audit will be entered in the Audit Progress Register (APR) and objection statements issued to Labs/Establishments.
- f. The settlement of these objections will be watched vigorously and unsettled objections at the close of the financial year should be reported through Annual Audit Certificate (AAC).
- g. It should be seen that the Bank statements have been obtained from the bank and pasted in the cash book where the reconciliation statement is recorded. This reconciliation statement is to be checked with reference to the Bank Withdrawal Statement. In case of non-preparation of Reconciliation statement the same should be brought to the notice of the Director Lab/Establishments.
- h. Advance payments made out of cash assignment recorded in as separate demand register and their clearance watched.
- i. 90% and 95% bills / Vouchers entered in a register to watch the 10% or 5% bills for necessary linking and are to be audited just like pre-audited bills –CRVs detached and scheduled to LAO.
- j. TA/DA vouchers segregated and sent to T –Section (to watch for acknowledgment) for necessary noting of demands and eventual clearance of the demands as when adjustment bills are received.
- k. I&M vouchers segregated and sent (to watch for acknowledgment) to M-Section to watch subsequent receipt of bills for pre-audit for same expenditure /payments paid out of cash assignment is not sent.
- l. Immediate Relief Voucher bifurcated and sent to Pay Section concerned under advice to Accounts section.
- m. Segregate vouchers on account of IE wages and endorse to LAO for necessary audit /information.

10.9.11. **Review of Cash-Assignment:** It would be ensured that heavy cash balance is not kept unnecessarily with the cash assignment holder. Cash would be drawn from bank/treasury only to meet authorised commitments during the month. The monthly closing cash balance should be kept as low as possible. Balances remaining unutilized at

the end of the financial year lapse to the Govt. and cash available, if any, is required to be deposited into treasury for credit to Govt. through MRO.

#### 10.9.12. **Common Irregularities observed during Audit of Cash Assignment for**

**guidance:** The common irregularities are summarized as under:

- a. Non reconciliation of Cash Book with Bank Statements by the Labs/Establishments. Bank Statements are not being obtained from the Banks.
- b. Entries in the cash book, schedule III are not initialled by the cash officers simultaneously with the issue of cheques. Maintenance of cash book is allowed to fall in arrears.
- c. The Cash Assignment accounts are not submitted to the PCDA/CsDA (R&D) in time.
- d. All the vouchers are not submitted in support of the Cash Assignment Accounts rendered to the PCDA/CsDA (R&D).
- e. Cash purchases of stores which are required in small quantity and are of non-recurring in nature are only to be made. Thus amount spent on such purchases should be minimal. But normally this aspect is not found adhered to by the Units/Labs.
- f. Heavy amounts drawn for cash purchase remain unaccounted for months together and the same are shown as cash in hand though the actual cash remains with the LPO and not with the cash officer.
- g. Cheques are prepared in anticipation of receipt of stores especially during the month of March. Thus facility of Cash Assignment is being utilised merely to avoid lapse of funds.
- h. Bills submitted to PCDA/CsDA (R&D) for pre-audit and returned by them with some objections/observations are sometimes paid out of Cash Assignment, ignoring the audit requirements.
- i. Advance payments of 90% / 95% are being made as a matter of routine from Cash Assignment.
- j. Adjustment bills of 10% / 5% are not being submitted in time.
- k. Advance for TA/DA is made out of Cash Assignment in a routine fashion and not in exceptional cases only.
- l. Expenditure incurred on Resource Generation Projects is also paid out of cash assignment and allowed to be booked to LP Heads instead of resource generation heads. Thus budgetary allocation made for the Labs/Establishments are not utilised for the purpose for which sanctioned.
- m. The amount of Cash Assignment demanded/requisitioned is not justified.
  - i. Holding of heavy cash in hand.

- ii. Non-submission of adjustment claim against amount advanced to firms immediately on receipt of stores.
- iii. Cash purchases for routine office contingent purchases are continued to be made from Cash Assignment and not from Imprest.

10.10. The Store Section will maintain the registers as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which is to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**LIST OF REGISTERS – STORE SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Specimen Signature Register
6.	Register of Sanctions
7.	Register for Adjustment of Central Purchase(CP)/ISA Vouchers
8.	Income Tax Register
9.	Provisional Payment Register
10.	Advance/Part Payment Register (Demand Register)
11.	Register for scheduling of CRVs
12.	Letter of Credit Register
13.	Cash Assignment Register
14.	MRO Register
15.	DV Register
16.	Master Note Book (MNB) Register
17.	Audit Progress Register (APR)
18.	Instruction Order Register
19.	Register of Invoices of Imported Stores
20.	Register of Spare Copies of Secret/Top Secret circulars/documents
21.	Adjustment through CDA-13 Register

**Annexure 'B'****List of Reports & Returns - Stores Section**

<b>Sl. No.</b>	<b>Nature of Report &amp; Returns</b>	<b>Periodicity</b>	<b>Due Date</b>	<b>To whom sent</b>
1.	NPS Strength Report	Weekly	Last Working day of the month	NPS Cell
2.	NPS Cheque Upload Report	Weekly	Last working day of the month	NPS Cell
3.	Weekly Progress Report	Weekly	Last working day of the month	O&M Section
4.	Monthly Progress Report	Monthly	5 <sup>th</sup> of the following month	AN-I
5.	Monthly Leave Report	Monthly	5 <sup>th</sup> of the following month	AN-I
6.	FE Report	Monthly	Monthly	Accounts
8.	Monthly Briefing Report	Monthly	Last working day of the month	IA Section
9.	E Payment Report	Monthly	15th of the following month	EDP
10.	Compilation Review Report	Monthly	10th of the following month	Accounts
11.	Hindi Report	Quarterly	7th of the following month	Hindi Cell
12.	CGEIS Report	Yearly	31st January	IA Section

SCHEDULE – V  
IAFA – 131

Lab./Establishments \_\_\_\_\_ Month/Year \_\_\_\_\_

LIST OF REMITTANCE INTO TREASURY/BANK

Serial No.	Name of Treasury/ Bank	TR No. & Date	Particulars	Amount	Forwarding letter No. & Date through which original TR forwarded
1	2	3	4	5	6

Date \_\_\_\_\_

For Director  
Lab/Establishments

## STATEMENT – I

Expenditure debitable to IE wages

Grant Code Head 1/854/03

Lab/Establishments \_\_\_\_\_ Month/Year \_\_\_\_\_

Sl. No.	Vr. No.	Date	Cheque No.	Particulars	Amount	Project/ Unit Code	Remarks
1	2	3	4	5	6	7	8
Total Rs.							

Dated : \_\_\_\_\_

For Director  
Lab/Establishments

## SUMMARY OF STATEMENT

Project/Unit Code	Amount
Total	

## STATEMENT – II

Expenditure debitable to I&M Grant(Code Head 1/858/01)

Lab/Establishments...

\_\_\_\_\_ Month/Year \_\_\_\_\_

Sl. No.	Vr. No.	Date	Cheque No.	Particulars	Amount	Project/Unit Code	Remarks
1	2	3	4	5	6	7	8
Total Rs.							

Dated : \_\_\_\_\_

For Director  
Lab/Establishments

## SUMMARY STATEMENT

Project/Unit Code	Amount
Total	

## STATEMENT – III

Expenditure Debitable to TA/DA Grant(Code Head 1/855/01)

Lab/Establishments

\_\_\_\_\_ Month/Year \_\_\_\_\_

Sl. No.	Vr. No.	Date	Cheque No.	Particulars	Amount	Project/Unit Code	Remarks
1	2	3	4	5	6	7	8
Total Rs.							

Dated: \_\_\_\_\_

For Director  
Lab/Establishments

## SUMMARY OF STATEMENT

Project/Unit Code	Amount
Total	

STATEMENT – V (a)Expenditure on account of L.P. Stores (Advance Payment to firms)(Code Head 1/856/01 (Revenue) & 01/929/21(Capital))

Lab/Estt. \_\_\_\_\_ Month/Year \_\_\_\_\_

Sl. No.	Vr. No.	Date	Cheque No.	Particulars	Amount	Project/ Unit Code	Remarks
1	2	3	4	5	6	7	8
Total Rs.							

Dated: \_\_\_\_\_

For Director  
Lab/Establishments

## SUMMARY OF STATEMENT

Project/Unit Code	Amount
Total	

STATEMENT – V (b)Expenditure on account of Cash Purchase(Code Head 01/856/01 & 01/858/01)

Lab/Establishment \_\_\_\_\_ Month/Year \_\_\_\_\_

Sl. No.	Vr. No.	Date	Cheque No.	Particulars	Amount	Project/ Unit Code	Remarks
1	2	3	4	5	6	7	8
Total Rs.							

Dated: \_\_\_\_\_

For Director  
Lab/Establishments

## SUMMARY OF STATEMENT

Project/Unit Code	Amount
Total	

STATEMENT – VIExpenditure on account of Custom Duty(Code Head 1/856/05)

Lab/Establishments \_\_\_\_\_ Month/Year \_\_\_\_\_

Sl. No.	Vr. No.	Date	Cheque No.	Particulars	Amount	Project/ Unit Code	Remarks
1	2	3	4	5	6	7	8
Total Rs.							

Dated: \_\_\_\_\_

For Director  
Lab/Establishments

## SUMMARY OF STATEMENT

Project/Unit Code	Amount
Total	

SUMMARY OF CASH-ASSIGNMENT ACCOUNT

Lab/Establishments \_\_\_\_\_ Month/Year \_\_\_\_\_

RECEIPTS			CHARGES		
Sl. No.	Particulars	Amount	Sl. No.	Particulars	Amount

1.	Opening Balance	
2.	Cheque drawn during the month	
3.	Closing Balance	
Total Rs.		

Dated: \_\_\_\_\_

For Director  
Lab/Establishments

EXAMPLE 'A'

UNIT Code .....

PUNCHING MEDIUM

Month..... CDA..... Section ..... Class of VR : V VR No.....

Receipts			Charges		
Classification	Rs. (+)	Rs. (-)	Classification	Rs. (+)	Rs. (-)
00/001/00	10,000		00/018/60	1,30,000	
00/020/81	1,50,000		00/090/00	30,000	
TOTAL:-	1,60,000		TOTAL:-	1,60,000	
In adjustment of Cash Assignment for the month of ..... in respect of .....					

SAO/AO

## EXAMPLE 'B'

UNIT Code .....

PUNCHING MEDIUM

Month..... CDA..... Section ..... Class of VR : II VR No.....

Receipts			Charges		
Classification	Rs. (+)	Rs. (-)	Classification	Rs. (+)	Rs. (-)
			00/018/60		14,000
			01/854/03	5,000	
			01/858/01	2,000	
			01/856/01	5,000	
			01/855/01	2,000	
				14,000	14,000
In adjustment of Amount booked to Defence Suspense vide class of Vr. V bearing No. 0001 of .....					

SAO/AO

PUNCHING MEDIUMEXAMPLE 'C'

UNIT Code .....

Month..... CDA..... Section ..... Class of VR : II VR No.....

Receipts			Charges		
Classification	Rs. (+)	Rs. (-)	Classification	Rs. (+)	Rs. (-)
			00/018/60		
			01/854/03	2,000	55,000
			01/858/01	9,000	
			01/855/01	13,000	
			01/856/01	21,000	
			01/856/02	10,000	
				55,000	55,000
In adjustment of Amount booked to Defence Suspense vide class of Vr. V bearing No. 0001 of .....					

SAO/AO

PUNCHING MEDIUMExample 'D'

UNIT Code .....

Month..... CDA..... Section ..... Class of VR : II VR No.....

Receipts			Charges		
Classification	Rs. (+)	Rs. (-)	Classification	Rs. (+)	Rs. (-)
			00/018/60		61,000
			01/854/03	5,000	
			01/858/01	18,000	
			01/856/01	2,000	
			01/856/02	26,000	
			01/856/05	10,000	
			TOTAL:	61,000	61,000
In adjustment of amount booked to Defence Suspense vide class of Vr. V bearing No. 0001 of .....					

SAO/AO

EXAMPLE 'E'SUMMARY OF CASH-ASSIGNMENT ACCOUNT

Month .....in respect of DEAL DEHRADUN

LAB/ESTT... (DEAL – 070017)

(FALCON – 030717)

(IGMDP – 051317)

RECEIPT			PAYMENT		
Sl. No.	Particulars	Amount	Sl. No.	Particulars	Amount
1.	Opening Balance	10,000	1.	01/854/03	12,000
			2.	01/858/01	20,000
2.	Cheque drawn during the month	1,50,000	3.	01/855/01	9,000
			4.	01/855/02	15,000
			5.		
			a.	01/856/01	28,000
			b.	01/856/02	36,000
			c.	01/856/05	10,000
				CB	30,000
Total :-		1,60,000	Total:		1,60,000

Dated

Director Lab/Establishments

EXAMPLE – 'F'SUMMARY OF STATEMENTS I TO VI

Sl. No.	Particulars	Expenditure	Total Expenditure	PROJECT/UNIT CODE WISE DETAIL		
				PROJECT/PROJECT/UNIT (030717) (051317) (070017)		
1	2	3	4	5(a)	5(b)	5(c)
1.	Statt I	01/854/03	12,000	2,000	5,000	5,000
2.	Statt II	01/858/01	20,000	-	18,000	2,000
3.	Statt III	01/855/01	9,000	18,000	-	-
4.	Statt IV	01/855/02	15,000	13,000	-	2,000
5.	Statt V(a)	01/856/01	28,000	21,000	2,000	5,000
	Statt V(b)	01/856/02	23,000	10,000	26,000	-
6.	Statt VI	01/856/05	10,000	-	10,000	-
Total			1,30,000	55,000	61,000	14,000 + Previous month & CB viz. 10,000/-

Date

Director

TYPED VERSION

No.DMM/PP/0002001/M/2348/D(R&D)  
 Government of India  
 Ministry of Defence  
 Deptt of Defence Research & Development  
 New Delhi – 110011

Dated 13 July, 2001

To

The Director General Research & Development  
 Defence Research & Development Organisation  
 Ministry of Defence  
 New Delhi

Subject: Procedure for placement of Contracts for Acquisition of Research Services (CARS) from Academic Institutions.

Sir,

I am directed to convey the sanction of the President to the promulgation of the Procedure for Placement of Contracts for Acquisition of Research Service (CARS) from Academic Institutions (attached herewith).

2. Until revised, the financial powers to be exercised by the Competent Authorities identified in Para 3.8 of the attachment shall be as follows:

- |   |   |
|---|---|
| (a) Upto Rs.5.0 lakh  | CA-I: Director, Laboratory (L)/Establishment(E)/Programme (P) |
| (b) Above Rs.5.0 lakh and upto (and including) Rs.25.0 lakh   | CA-II : Concerned CC(R&D)/ Adviser at DRDO HQ.                |
| (c) Beyond Rs.25.0 lakh and upto (and including) Rs.2.0 crore | CA-III: Director General, DRDO                                |

3. Cases covered by Para 2(c) above will be routed through concerned CC(R&D)/Adviser and Integrated Finance at DRDO HQ.

4. A copy of the CARS shall be endorsed to Directorate of Material Management and to the concerned Technical Directorate at HQ separately, and to pertinent CDAs and DCDAAs.

5. A copy of the CARS, without attachments, shall be endorsed to the Joint Director of ER&IPR, DRDO Headquarters, for information.

6. Any queries regarding CARS shall be addressed to Directorate of Materials Management (DMM) at DRDO HQ.

7. The expenditure on CARS shall be debited to Major Head 2076, Minor Head 108(h) of DRDO.
8. This issues with the concurrence of Ministry of Defence (Finance/R&D) vide their ID No.1626/Addl.FA(S) dated 10.7.2001.

Yours faithfully,

Sd/-

(ROSY SHARMA)

Deputy Secretary of the Government of India

Copy to:-

1. Controller General of Defence Accounts (5 copies)
2. Addl. FA(S) & Jt. Secy
3. Chief Advisor (Tech)
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12. All Technical & Corporate Directorates
13. Dte of Materials Management (200 copies)

**CONTRACT FOR THE ACQUISITION OF RESEARCH SERVICES (CARS) FROM  
ACADEMIC INSTITUTIONS – PROCEDURE FOR PLACEMENT OF**

0 Purpose:

0.1. Currently, when Laboratories/Establishments/Programmes (hereafter referred to as L/E/Ps) seek the expertise, and access the facilities, of academic institutions, they are subject to the same "purchase procedure" as set-down for the purchase of tangible goods in the document "Purchase Management 2000" issued by the Directorate of Materials Management. Sometimes, at the instance of L/E/Ps, or on their behalf, other pre-identified requirements of L/E/Ps for research Services from academic institutions are met also through "Grants-in-Aid" disbursed from DRDO headquarters.

0.2 Experience with existing procedures has established the imperative need to draw clear distinction between "Grants-in-Aid" to academic institutions, and the provision of research services by them to L/E/Ps to cater to the latter's direct requirements. Thus, the mere fact that the research work is being performed by an academic institutions is not reason enough for that work to be funded through "Grants-in-Aid" what is of the relevance is the purpose and 'customer' of the research being performed. To make operational the necessary distinctions, it has been decided to create a new instrument to be known as "Contract for Acquisition of Research Services (CARS)" for the procurement of research services from academic institutions.

0.3 However, proposals for the creation of new or upgraded research infrastructure in Academic institutions, or proposals for explanatory basic research submitted by them in response to a call for proposals from Research Boards or from the Extramural Research Scheme of DRDO, will continue to be received, considered and funded under the provisions of the respective "Grants-in-Aid" schemes administered by the pertinent DRDO Headquarters (e.g. ER&IPR, DNRD, DALs , etc.)

1. Scope of the regulations:

1.1 These regulations apply only to the acquisition of research services. They do not apply to the placement of sub-projects for deliverables of hardware, software or designs against QRs from a main project being executed by an L/E/P.

1.2 Notwithstanding anything contained in "Purchase Management 2000" these self-contained and complete regulations set down in full the practices and procedures governing the exercise by L/E/Ps of DRDO HQ of executive and financial powers for acquiring research services academic institutions by procurement using CARS in consequence.

1.3 THE EXISTING PURCHASE PROCEDURE OF OBTAINING TENDERS/QUOTATIONS FOR SUPPLY OF RESEARCH SERVICES FROM ACADEMIC INSTITUTIONS/ACADEMICS AND CONSTITUTING TEC/TPCs THEREON IS HEREBY ABOLISHED.

2. Applicability

2.1. These regulations shall apply to all Laboratories/Establishments/Programmes (L/E/Ps) of DRDO.

2.2 CARS Shall be used by L/E/Ps whenever the QR of the research service needed by an L/E/P is specified by, and emanates from the L/E/P.

2.3 Except as may be otherwise stated herein, this document is complete and set contained. In case of any perceived incompatibility between the contents of this document and any other previous purchase procedures, this document shall prevail.

3. Definitions: For the purposes of these regulations

3.1 Academic Institution means Indian Institute of Science, Indian Institute of Technology; Universities; Deemed Universities; Educational Institutions in Engineering, Agricultural, Architectural, and Medical Sciences: Institutions approved by the University Grants Commission, All India Council of Technical Education/State bodies as Institutions where research towards as post-graduate qualification may be pursued, Independent Colleges, or other recipient of monies for research from DRDO Grants-in-Aid schemes/Research Boards.

3.2 Academic means any member of the research or teaching faculty of an academic Institution (define above).

3.3 Research service means a service which, upon provision results in the delivery to the contracting L/E/P of a technical report detailing the results of the research, study of consultancy assignment, including supporting of collateral information such as raw data bench-mark tests, models, process specifications, material specifications, designs, codes, explanations, methods of use, methods of validation, test and evaluation, simulations and their interpretations, libraries of software, and examples of applications, operations, engineering, manufacturing methods, etc. In addition to a technical report as primary deliverable, secondary or supplementary deliverables of a research service could include such specimens, samples and/or software as are necessary to demonstrate the scientific findings, or to establish the proof-of-principle, elucidated in the report.

Note: See also paragraph 1.1 above.

3.4 Research Service Provider (RSP) is an academic Institution or an academic providing a research service.

3.5 Offer is the offer of provision of research services as made by an RSP.

3.6 Contract for Acquisition of Research Services (CARS) is the instrument of transactions between Laboratories/Establishments/Projects (L/E/Ps) and academic Institutions of academics whose purpose is to acquire by procurement research -- consultancy services to meet the requirements of L/E/Ps.

3.7 Estimated Expenditure is the figure entered in the bottom right hand corner box of item 9.1 in the 'Summary Offer of Provision of Research Services (Annex 1). This estimated expenditure shall not include the value of DRDIO owned equipment made available to the RSP as identifies at Entry 7 of Annex 1.

3.8 Competent Authority (CA) is the authority competent to accept an Offer. The authority shall be at three levels as follows.

CA-I : the Director of L/E/P where the estimated expenditure in the Offer received from RSP is up to (and including) the 'CA-I limit' stated in the Government sanction covering CARS;

CA-II : the controlling CC(R&D)/Adviser at DRDO HQ where the estimated expenditure in the Offer received from RSP is more than the 'CA-I limit' above but not more than the 'CA-II limit' stated in the Government sanction covering CARS;

CA-III : Director-General, DRDO where the estimated expenditure of the offer received from RSP is more than the 'CA-II limit' above but not more than the 'CA-III limit' stated in the Government sanction covering CARS.

#### 4. Procedure for placement of CARS:

4.1 Generation and Approval of Research Service Qualitative Requirement (RSQR): The requirement for acquisition of research services will be raised through a statement of case, internal to L/E/P, by those who need that service. The requirement shall be in the form of a Research service Qualitative Requirement (RSQR). The Director of the L/E/P of person (not below Scientist "F") designated by him will approve the RSQR.

#### 4.2 Solicitation of offers for provision of research services.

(a) The approved RSQR will be sent to potential providers of research services, as identified by the approver of the RSQR (per Para 4.1 above), and formal offers solicited from them. To ensure continuity of work expected to last more than eighteen (18) months, RSPs should be asked to identify at least two key personnel who will engage in the work.

Note: The task of identifying the potential providers of research services is exclusively a matter of technical judgment alone based on the knowledge and experience of the approver of the RSQR. This judgment will be exercised by the approver in the light, inter alia, of previous experience (including that of other DRDO L/E/Ps) with, pedigree of intellectual resources of, uniqueness of facilities and quality and technical merit of research personnel available at the institution(s) solicited to provide the research service.

(b) The offers of provision of research services and their revisions, from such solicited RSPs shall be made by them in the format at Annex 1.

(c) The validity of an Offer from an academic institution for the provision of research services shall not be merely on account of the date of its receipt by L/E/P.

#### 4.3 Selection and nomination of RSP

(a) Except as stipulated in (b) below, CA-I, as defined in Para 3.8 above, shall select and nominate the RSP. Reasons for nomination will be recorded on file.

(b) In case where the estimated expenditure in the offer for the provision of research service is above the CA-I limit, as defined in Para 3.8 above, the offer(s) shall be judged by an Offer Evaluation Committee (OEC) chaired by the approver of the RSQR (per Para 4.1 above), which will make its recommendation based on the previous experience, if any (including that of other DRDO L/E/Ps) with pedigree of intellectual resources of uniqueness of facilities and quality and technical merit of research personnel available at the institution(s) solicited to offer the research services under Para 4.2 (a) above. The Director will select and nominate the recipient of the CARS considering, inter alia, the recorded judgment of the Offer Evaluation Committee.

4.4 Acceptance of Offer of nominated RSP. Following selection and nomination of the RSP as at 4.3 above, its Offer shall be accepted as follows:

(a) By CA-I, as defined in Para 3.8 above, when the estimated expenditure in the Offer is upto the CA-I limit;

(b) By CA-II, as defined in Para 3.8 above, when the estimated expenditure in the Offer is above the CA-I limit and upto the CA-II limit;

(c) By CA-III, as defined in Para 3.8 above, when the estimated expenditure in the Offer is above the CA-II limit and upto the CA-III limit.

4.5 Placement of CARS:

(a) The CARS shall be placed by the L/E/P on the nominated RSP, following acceptance of its Offer as at 4.4 above.

(b) All CARS shall be placed in the form in Annex-2.

(c) Special short-form procedure for placement of CARS on Top Professionals: For CARS or consultancies (regardless of value) to be placed on academic institutions with 'top professionals', a short-form procedure as follows shall be adopted. The file will record that this short-form procedure has been adopted because the research investigator/consultant is a distinguished scientist/technologist e.g. FRS, FASc, FNA, FIAcadE, FAcSI, Bhatnager awardee, Swarnajayanti fellow, DRDO chair holder, CSIR distinguished scientist, Raman fellow, National Professor, AICTE-INAE Distinguished visiting professor. In such cases, the Proposed RSQR shall be discussed by the Director (or Sc-G) for L/E/Ps with the investigator(s)/consultant at the convenience of investigator(s)/consultant. The offer of research service or consultancy, based upon the mutually agreed RSQR, will be submitted to the L/E/P to the academic institution (and not by the investigator/consultant). This offer shall thereafter be approved by the pertinent CA as defined in Para 3.8 above and placed to L/E/P on the selected and nominated RSP. @

Note : @ The name of the Institution will appear in item 3 of the CARS (Annex-2); while the names of the Top Professionals will be filled-in at item 5 (a) as 'key professionals' of the CARS.

4.6 Acceptance of CARS by Academic Institution: The CARS, as placed by the L/E/P on the Institution, shall be deemed accepted by the Institution when a copy of CARS is returned to L/E/P by the RSP, signed by the latter's competent authority.

4.7 Amendments to CARS

(a) Normally, a need for financial amendments to CARS should not arise. However, such amendments can be made in cases in which unforeseen circumstances/events predicate additional expenditure.

(b) All amendments to CARS shall be in the form at Annex-3.

(c) All amendments to CARS shall be authorized by CA-I, except that amendments resulting in an increase in the Total shown at item 9.1 in Annex-2 shall require the approval of the CA authorized, per Para 4.4 above, to accept an Offer at that Total.

5. Equipment:

Definition Note: Equipment includes non-shrink-wrapped software. Shrink-wrapped software shall be accounted for as 'expendables'

5.1 Equipment, the cost of which shall be included I the Summary Offer of Provision of Research Services [at Entry 9.1 (b) in Annex-1], shall be procured by the RSP.

5.2 Equipment in the inventory of L/E/P may be placed by DRDO at the disposal of the RSP for the execution of the contract (see also paragraph 3.7 above).

5.3 All equipment of a capital nature purchased under Para 5.1 above is the property of DRDO (L/E/P). These shall be returned to L/E/P within 03 months of the date entered at Entry 8 in Annex 2, unless L/E/P specifies otherwise.

Note: Should there be a difference of opinion between the RSP and L/E/P on whether equipment is of 'capital nature', the decision of L/E/P shall be final and binding on the RSP.

5.4 The research provider institution shall be responsible for the proper maintenance of the equipment and shall not alienate them, or use them without the prior permission of L/E/P for purposes other than those specified in the CARS.

6. Financial provisions in CARS:

6.1 Advances, work-in progress and schedule of payments;

(a) The L/E/P may make payments of advances and/or make progress payments for executing the contract. Such payments shall be made on demands made through 'Contingent Bills' for sum not exceeding the pertinent amounts entered at item '9' in the CARS (Annex-2), and after certification by the cognizant financial authority of the RSP that the monies already released against previous demands have been utilized for the purposes for which they were provided.

Note: Payment shall be made only in accordance with Para 2.1 (b) of General Conditions of CARS (see reverse of Annex-2).

(b) Advances or progress payments are interim payments, which shall be deducted from the total sums due to the research provider institution.

(c) Except with the specific written pre-agreement of the L/E/P, the research provider institution shall not use for any purpose other than those specified in the CARS, any material or services for which advances or progress payments have been made.

6.2 Financial documentation and records:

(a) No bank or other financial guarantees are required for CARS

(b) For work whose estimated time for completion is six months or less, the RSP shall submit only those reports as relate to the purchase of equipment by the RSP within thirty (30) days of such purchase.

(c) For CARS in which the estimates time for submission of the final report more than six months, the research provider institution shall provide the L/E/P, not later

than thirty (30) days after the end of each half-year, a half-yearly financial statement showing the actual expenditure incurred, against each of the entries at 'Item 9.1' in the CARS, for the execution of the contract up to the end of the preceding half-year.

(d) Books of accounts pertinent to each CARS shall be maintained separately by the RSP and these shall open to the L/E/P. The L/E/P, or other authority specified by DRDO, may inspect all such books, bills, vouchers and other financial records at any time until the accounts relating to the CARS are settled. The research service provider shall supply the L/E/P with such financial documents as are necessary for final settlement of claims, without explicit request by the L/E/P, within three (3) months after submission of the final report.

7. Delivery schedule:

7.1 The outcome of the contract (invariably a set of reports/documents/records in hard-copy or machine-readable form) shall be delivered at the time or times and in the manner specified in the contract.

7.2 The research provider institution shall inform the L/E/P promptly of any occurrence that is likely to cause delay in delivery of contracted outcomes. The L/E/P shall determine, in the light of circumstances reported, the extent of change(s) required in the delivery schedule of the contract.

Note : The above covers only unexpected technical difficulties, gross delays in deliveries by suppliers of purchased equipment or consumables, illness or other justifiable cause of unavailability of research personnel and similar unforeseen circumstances.

7.3 An extension of the time limit for execution of the contract, or a postponement of delivery shall require the explicit approval of the L/E/P, which approval shall be contractually valid only when the CARS is formally amended by the L/E/P.

8. Short-closure of CARS:

The CARS may be short-closed at any time during the currency of its execution if the L/E/P feels that no useful purpose will be served by continuing the implementation of CARS. The short-closure of CARS will be approved by the Director and justification for the same recorded in the file and reported to the relevant CA (see Para 4.4 above). The short closure will be deemed to be effective from the day the short closure order is received by the institution. Subsequent to this short-closure the RSP will submit a technical report on the work done till short-closure. The monies left unspent on the date of receipt of short-closure order by the RSP shall be returned to L/E/P. All equipment and unused consumables acquired out of contract monies shall also be returned to L/E/P.

Note: The L/EP will ensure delivery of any short-closure order to the institutions (with a copy to the investigator (s)) within ten (10) working days of the decision to short-close.

9. Reports:

9.1 Reports giving details of the progress of the work shall be sent to the L/E/P at intervals as specified in the conditions of the contract.

9.2 On completion of the contract, the RSP will submit a final report (Contractor Report).

9.3 All reports shall be in a format conforming to Indian Standards IS:1064-1980, bound with Bibliographic Description sheet conforming to IS:9400-1980.

10. Ownership of Intellectual Property:

10.1 The ownership of intellectual property, whether or not legally protected (e.g. by patent), generated by research performed under a cars shall vest in DRDO. However, the research provider institution shall receive upon demand by it, a royalty-free license from DRDO to use these intellectual properties for its own purposes, which purposes specifically exclude sale or licensing to third parties.

10.2 Notwithstanding the above, all documents and information detailing the technical performance of CARS (including pertinent laboratory Notebooks, sketches, photographs, video tapes of experiments, electronic data acquisition records and other similar) shall be the property of DRDO, whether or not in the physical possession of DRDO.

11. Disclosure and use of information by the research provider institution:

The research provider institution will ensure that the documents supplied by the L/E/P are not disclosed to any person other than a person authorized by the L/E/P. Any pattern, sample or information supplied by L/E/P to the RSP in documentary or other physical form is the property of the L/E/P and shall be returned to the L/E/P after execution of the contract, unless their disposal is otherwise provided for in the Specific Conditions of Contract.

12. Policy on publication of technical results:

Interim technical results and other outcome of the contract, intellectual or physical, are the property of DRDO. If the investigator intends publishing the technical outcome, he shall send a written request to L/E/P for permission to publish along with a copy of the manuscript. Within 60 (sixty) days of the receipt of such request, the L/E/P will inform the investigator (s) about its decision. If no communication is received from the L/E/P by the RSP within this period of 60 (sixty) days, the RSP shall be free to publish the material as proposed by it.

13. Publicity relating to contracts:

The existence of the contracts or the status of their execution shall not be publicized by the RSP in the media or in its Periodic/Annual Report except with the written consent of L/E/p. The OL/E/p shall specify the text relating to CARS that may be made public.

14. Communications:

All communications affecting the performance of the contract, or its terms and conditions, shall be contractually valid only when confirmed by formal amendments to CARS (Annex3) made by the original signatories to the contract.

15. Compliance with law:

Notwithstanding anything contained in CARS, the RSP shall be solely responsible for complying with all laws in force in India.

16. Settlement of Disputes:

All disputes relating to a CAR shall be settled mutually between the Vice-Chancellor/Director of the academic institution and Director of L/E/P placing the CARS. Any remaining unresolved disputes shall be referred to final binding settlement by authorities mutually decided by the Secretary, Defence Research & Development, Ministry of Defence and Secretary, HRD, Government of India, unless otherwise provided for in the contract.

TYPED VERSION

DMM/PP/0002003/M/1962/D(R&D)  
Govt. of India  
Ministry of Defence  
Deptt. Of Defence Research & Development  
New Delhi – 110011  
28 May 2003

CORRIGENDUM

The Procedure of placement of Contracts for Acquisition of Research Services (CARS) from Academic Institutions issued vide DMM/PP/0002001/M/2348/D(R&D) dated 13 Jul 2001 is amended as under:

- (a) For: Existing entries at Sl. No. 2

Read: The following:

“The revised financial powers to be exercised by the Competent Authorities indentified in Para 3.8 of the attachment shall be as follows:

- |   |   |
|---|---|
| (i) Upto Rs.10 lakh   | CA-I: Director, Laboratory (L)/Establishment(E)/Programme (P) |
| (ii) Above Rs.10 lakh and upto (and including) Rs.50 lakh       | CA-II : Concerned CC(R&D)/ Adviser at DRDO HQ.                |
| (iii) Beyond Rs.50 lakh and upto (and including) Rs.2.00 crore” | CA-III: Director General, DRDO                                |

- (b) For: Existing entries at Sr. No. 7

Read: The following:

“The expenditure on CARS shall be debited to Major Head 2080, Minor Head 110 of DRDO”.

2. This issues with the concurrence of Ministry of Defence (Finance/R&D) vide their ID No. 946/IF(R&D) dated 28 May 03.

Sd/-  
(Rosy Sharma)  
Deputy Secretary to the Government of India

To  
The Director General Research & Development  
Defence Research & Development Organisation  
Ministry of Defence, New Delhi

Copy to:-

1. Controller General of Defence Accounts
2. Addl.FA(S) & Jt. Secy
3. All CCR&Ds
4. Chief Executive (CW&E)
5. CDA (R&D) New Delhi and sub offices
6. CDA (R&D) Bangalore and sub offices
7. CDA (R&D) Hyderabad and sub offices
8. Director of Audit, Defence Services, New Delhi
9. Director (Finance/R&D)
10. Directorate of Materials Management.

TYPED VERSION

No. DMM/PP/0002003/M/1806/D(R&D)

Government of India  
Ministry of Defence  
Dept of Defence Research &  
Development  
New Delhi – 110011  
22 May 03

To

The Director General Research & Development  
Defence Research & Development Organisation  
Ministry of Defence  
New Delhi – 110011

Subject: Contracts for Acquisition of Professional Services (CAPS) to placed on Institutions of Defence Institute of Defence Scientists and Technologists.

Sir,

I am directed to say that institute of Defence Scientists and Technologist (IDST) have been registered as a Society under the Societies Registration Act of 1860 with the following objectives:

- (i) To contribute as a second line "solution provider" to DRDO and its Laboratories/Establishment/Projects (hereinafter referred as L/E/P).
- (ii) Consultancy and Technical advice related to specific projects.
- (iii) To assist DRDO in providing in-depth training to personnel on specialized topics on "as required" basis.

2. This is to state that the institute of Defence Scientists and Technologists (IDST) shall be deemed "academic institution" as defined in paragraph 3.1 of attachment to Government letter No.DMM/PP/00002001/M/2348/D(R&D) dated 13 Jul 01.

3. While filling up the proforma accompanying the CARS notification the clause of these that are not applicable for contracts to be placed on IDST shall filled as "Not Applicable".

4. The expenditure on acquisition of such research services shall be debited to Major Head 2080, Minor Head 110 of DRDO.

5. This issues with the concurrence of Ministry of Defence (Finance/R&D) vide their ID No.886/IF(R&DF) dated 12 May 03.

Yours faithfully

Sd/-

(Rosy Sharma)

Deputy Secretary to the Govt. of India

Copy to:

1. Controller General of Defence Accounts (5 copies)
2. Addl. FA(S) & Jt. Secy
3. Chief Advisor (Tech)
4. All CCR&Ds
5. The Chief Executive (CW&E)
6. CDA (R&D) New Delhi (2 copies)
7. CDA (R&D) Bangalore (2 copies)
8. CDA (R&D) Hyderabad (2 copies)
9. Director of Audit, Defence Services, New Delhi (2 copies)
10. DFA (Fin/R&D)
11. All Labs/Programmes
12. All Technical & Corporate Directorates
13. Directorate of Materials Management (20 copies)

TYPED VERSION

No. 87567/RD-26/3849/D(R&D)  
Government of India,  
Ministry of Defence,  
New Delhi, the 26 April, 1972

To,

The Scientific Adviser to the Raksha Mantri and  
Director General, Defence Research & Development  
New Delhi

Subject:- AUTHORISATION OF CASH ASSIGNMENT TO THE HEADS OF DEFENCE R&D  
ESTTS/LABS

Sir,

I am directed to convey the sanction of the President to authorize the Heads of Defence R&D Establishments/Labs to have cash assignments under Rule 315 F.R. I. Part I provided an Accounts Officer is borne on the strength of the Establishments/Lab.

2. The relevant rules in F.R. I. Pt. I & II regarding procedure for operating the cash assignment will be strictly followed.
3. This sanction will be valid upto 31<sup>st</sup> March, 1973 in the first instance.
4. This issues with the concurrence of Ministry of Finance(Defence) vide their U.O. No. 1142/Proj-III, dated 25<sup>th</sup> April, 1972.

Yours faithfully,

Sd/-

(N.R. Banerji)

Under Secretary to the Government of India

Copy to:-

The CGDA New Delhi; the Director of Audit, Defence Services, New Delhi; the Senior Dy. Director of Audit, Defence Services, New Delhi; the Dy. Director of Audit, Defence Services, Meerut, Poona and Kolkata; the Assistant Audit Officer, Defence Services Kirkee and Bangalore; the Controller of Defence Accounts, Western Command Meerut; the Controller of Defence Accounts Southern Command, Poona; the Controller of Defence Accounts (Fys), Kolkata; the Controller of Defence Accounts, Central Command, Meerut.

ARDE,ERDL & R&DE(E), Poona SSPL, Delhi IRDE, Dehradun DMRL, DRDL & DLRL, Hyderabad VRDE, Avadi DRL(M), Kanpur LRDE & GTRE, Bangalore.

DFA(Proj-III) RD-26 (10 copies) - RD-29(A) - Dte of Armament Dte of Electronics Dte of Aeronautics - Dte of Vehicles Dte of Engineering.

Copy signed in ink forwarded to:-

CDA,WC, Meerut;CDA, SC, Poona; CDA(Fys), Calcutta; CDA, CC, Meerut;

TYPED VERSION

No. 87567/RD-26/1782/D(R&D)  
BHARAT SARKAR, RAKSHA MANTRALAYA,  
New Delhi, the 27<sup>th</sup> February 1973.

To

The Scientific Adviser to the Raksha Mantri and  
Director General, Defence Research & Development  
NEW DELHI

Subject: AUTHORISATION OF CASH ASSIGNMENT TO THE HEADS OF DEFENCE R&D  
ESTTS/LABS

Sir,

I am directed to convey the sanction of the President to the extension of the provisions of Govt. of India, Ministry of Defence letter No. . 87567/RD-26/3849/D(R&D), dated 26<sup>th</sup> April, 1972 upto 31<sup>st</sup> March, 1974.

2. This issues with the concurrence of Ministry of Finance(Defence) vide their U.O. No. 538/Proj-III/234 dated 27.2.1973.

Yours faithfully,

Sd/-

(N.R. Banerji)

Under Secretary to the Government of India

Copy to:-

The CGDA New Delhi; the Director of Audit, Defence Services, New Delhi; the Senior Dy. Director of Audit, Defence Services, New Delhi; the Dy. Director of Audit, Defence Services, Meerut, Poona and Kolkata; the Assistant Audit Officer, Defence Services Kirkee and Bangalore; the Controller of Defence Accounts, Western Command Meerut; the Controller of Defence Accounts Southern Command, Poona; the Controller of Defence Accounts (Fys), Kolkata; the Controller of Defence Accounts, Central Command, Meerut.

ARDE,ERDL & R&DE(E), Poona SSPL, Delhi IRDE, Dehradun DMRL, DRDL & DLRL, Hyderabad VRDE, Avadi DRL(M), Kanpur LRDE & GTRE, Bangalore.

DFA(Proj-III) RD-26 (10 copies) - RD-29(A) - Dte of Armament Dte of Electronics Dte of Aeronautics - Dte of Vehicles Dte of Engineering.

Copy signed in ink forwarded to:-

CDA,WC, Meerut;CDA, SC, Poona; CDA(Fys), Calcutta; CDA, CC, Meerut;

TYPED VERSION

No. 87567/RD-26/1496/D(R&D)  
BHARAT SARKAR, RAKSHA MANTRALAYA,  
New Delhi, the 16<sup>th</sup> February 1974.

To

The Scientific Adviser to the Raksha Mantri and  
Director General, Defence Research & Development  
NEW DELHI

Subject: AUTHORISATION OF CASH ASSIGNMENT TO THE HEADS OF DEFENCE R&D  
ESTTS/LABS

Sir,

I am directed to refer to Govt. of India, Ministry of Defence letter No. 87567/RD26/3849/D(R&D) dated 26<sup>th</sup> April, 1972 and No. 87567/RD-26/1782/D(R&D) dated 27<sup>th</sup> February 1973 and to convey the sanction of President to the continuance of the provisions thereof with regard to the Authorising the Heads of Defence R&D Establishments/Labs to have Cash Assignments under Rule 315 F.R. I. Part I provided an Accounts Officer is borne on the strength of the Establishments/Lab.

2. The relevant rules in F.R.I. Part I and II regarding procedure for operating the Cash Assignment will be strictly followed.

3. This issues with the concurrence of Ministry of Finance(Defence) vide their U.O. No. 345/Proj-III dated 11.2.1974

Yours faithfully,

Sd/-

(L. N. BHALLA)

Under Secretary to the Government of India

Copy to:-

The CGDA New Delhi; the Director of Audit, Defence Services, New Delhi; the Senior Dy. Director of Audit, Defence Services, New Delhi; the Dy. Director of Audit, Defence Services, Meerut, Poona and Kolkata; the Assistant Audit Officer, Defence Services Kirkee and Bangalore; the Controller of Defence Accounts, Western Command Meerut; the Controller of Defence Accounts Southern Command, Poona; the Controller of Defence Accounts (Fys), Kolkata; the Controller of Defence Accounts, Central Command, Meerut.

ARDE, ERDL & R&DE(E), Poona SSPL, Delhi IRDE, Dehradun DMRL, DRDL & DLRL, Hyderabad VRDE, Avadi DRL(M), Kanpur LRDE & GTRE, Bangalore.

DFA(Proj-III) RD-26 (10 copies) - RD-29(A) - Dte of Armament Dte of Electronics Dte of Aeronautics - Dte of Vehicles Dte of Engineering.

Copy signed in ink forwarded to:-

CDA, WC, Meerut; CDA, SC, Poona; CDA(Fys), Calcutta; CDA, CC, Meerut.

TYPED VERSION

No.89500/12/RD-29 (a) 1494/D (R&D)  
GOVERNMENT OF INDIA  
MINISTRY OF DEFENCE  
NEW DELHI, the 1<sup>st</sup> March, 1979

To

The Scientific Adviser to Raksha Mantri  
And Director General, Defence Research and Development,  
NEW DELHI

SUB: DELEGATION OF FINANCIAL POWERS TO HEADS OF R&D ESTTS/LABS  
AUTHORITY TO MAKE SPOT ADVANCE PAYMENT ON ORDERS FOR SUPPLIES AND  
SERVICES.

Sir,

I am directed to convey the sanction of the President to authorize the Heads of Defence R&D Estts/Labs to make advance payments to firm against supplies of stores and services ordered under their direct purchase powers according to procedure laid down below:-

- (a) Payment to Government Deptts and Public Sector undertakings may be made in advance upto full value of the contractual amount wherever insisted upon as per the normal terms of payment of the suppliers.
- (b) Advance payment of other firms, wherever necessary will be restricted to 95% of the contractual amount on the strength of documents relating to proof of inspection and despatch.
- (c) Full payment of the contractual amount may be paid to the Firm upto Rs. 10,000/- in each case on the spot after obtaining delivery of stores/services in satisfactory condition, in exceptional circumstances such as (i) where some benefit to the Government by way of cash discount is offered by the supplier (ii) where the firm insists on such payment and no other condition is acceptable to the firm or (iii) on grounds of urgency at the discretion of the Head of Estt.
- (d) Final payment in respect of plant & machinery which can only be finally inspected after installation will be made after installation only.

2. The payments referred to in paragraph 1 above will only be made valid supply orders entered into by the Defence R&D Establishments/Labs after following normal purchase procedure. The payments will be made by the Estt out of their cash assignment wherever such a facility exists. Defence R&D Estts/Labs, which have no cash assignment, may draw the amount from CDA's office by preferring a bill on the authority of the supply order placed, taking into account the assured date of delivery of supplies.

3. The amount of advance drawn from the CDSA's office will be placed in public Fund A/C so that it may be available for payment to the firm against pre-receipted bills and documents of proof of inspection and dispatch of the consignment. Inspection of supplies will be carried out by the competent inspection authority as prescribed in the supply order. In case of local delivery or deliveries by road, the advance, final payment may be allowed on the strength of the documents in proof of inspection and delivery to the consignee-the proof of delivery being a provisional receipt certificate on the delivery challan of the supplier.

4. All payments to suppliers as per this order will be made on crossed Account Payee cheques. Suppliers, who insist on 95% advance payments on presentation of documents of inspection and despatch through bank, should give an undertaking that commission, if any, payable to bank will be on supplier's account and any extra expenditure incurred, such as demurrage charges etc. on account of any delay on the part of supplier or its banker to release the documents to consignee, will be borne by the supplier. It will be the responsibility of the Labs/Estts to verify the documents before payment is released through the bank.

5. Payment of advance referred to in Para 1 (a) & (b) above will be made only on the strength of pre-receipted bill. Documents in support of such payment will be forwarded to CDA's office along with cash assignment account for the month in which such payment is made out of cash assignment. In other cases such documents should be forwarded within one month of payment.

6. Estts/Labs having cash assignment A/C will forward the following documents to the CDA's office for audit along with the cash A/C for the month during which spot payments referred to in Para 1 (c) above has been made to the firm. In other cases the documents will be forwarded within one month of the date of receipt of stores.

- (a) A stamped receipt from the firm for the cheque issued.
- (b) Firm's bill for the supplies and services rendered.
- (c) A certificate under the signature of an officer of the Estt/Lab certifying that the amount of Excise duty/Sales Tax charged in the relevant Act and the rules made under the Central Excise Act/Central Sales Tax Act and State Sales Tax Act.
- (d) A certificate from the competent inspection authority for the receipt of stores in satisfactory condition.
- (e) Two copies of CRV taking the stores on charge.

7. Heads of the Estts/Labs will ensure that final bill for the money advanced to the firm is submitted to the CDA promptly. If the firm fails to submit final bill, the under-mentioned documents will be submitted to the CDA without fail within 30 days from the date of receipt of stores to enable CDA to clear the outstanding demand from his books.

Two copies of CRV taking the stores on charge duly certified by the competent inspection authority for receipt of stores in satisfactory condition.

8. Defence R&D Estts/Labs will maintain a Progress Register in the form given in Annexure to this letter, to record the amount of advance drawn from the CDA paid out of cash assignment for payment to the firms against orders for supplies and service and to watch the adjustment of these amount till final bill is dispatched to CDA. The register will be included in the list of auditable documents and produced for audit whenever required.

9. The expenditure will be debitable to major head 269 minor head 7 Defence Research & Development Organization.

10. This supersedes Ministry of Defence letter No.89500/12/RD-29(a)/4317/D(R&D) dated 27.10.1978.

11. This issues with the concurrence of the Finance Branch vide their u.o. No.271/D(Fin/R&D) dated 20.2.1979.

Yours faithfully,  
Sd/-  
(N N VENKATESWARAN)  
Under Secretary to the Government of India

Copy to:

Controller General of Defence Accounts, New Delhi.  
Director of Audit Defence Services, New Delhi  
Controller of Defence Accounts, Western Command Meerut.  
Controller of Defence Accounts, Central Command, Meerut.  
Controller of Defence Accounts, Southern Command, Poona  
Controller of Defence Accounts, Northern Command, Jammu.  
Controller of Defence Accounts, Patna.  
Controller of Defence Accounts, Factories, Kolkata.  
Controller of Defence Accounts (Navy) Mumbai.  
Controller of Defence Accounts (Air Force) Dehradun.  
All Senior Deputy Director of Audit Defence Services.  
Chief Auditor (Fys) Kolkata.  
All R&D Estts/Labs  
All technical Dtes (R&D), RD-26, RD-29 (a), RD-29(b), D(Finance R&D)  
D (Hindi Cell) – For Hindi Version.

TYPED VERSION

No.DBF&A/MISC/MFAI/BUD/1551/D(R&D)

Government of India

Ministry of Defence

Deptt. Of Defence Res. & Development

New Delhi – 110011

02 May 1997

CORRIGENDUM

The following amendment may be made to Government of India, Ministry of Defence letter No.89500/12/RD-29(a)/1494/D(R&D) dated 1.3.79 :-

Against Para 1 (c)

FOR Rs.10,000/-

READ Rs.20,000/-

Existing Para 2 Line 5 may be substituted as under :-

Defence R&D Establishments/Labs which have no cash assignment may draw the amount from the CDA's office through cheque in favour of the firm by preferring a bill on the authority of the supply order placed, taking into account the assured date of delivery of supplies.

Existing Para 3 may be substituted as under :-

The cheque drawn from the CDA's office may be kept by the R&D Establishments/Labs with them for not more than a month from the date of issue. Any cheque not utilized within one month may be returned to the CDA for cancellation and a fresh cheque drawn as and when required. The cheque so drawn may be available for payment to the firm against pre-receipted bills and documents of proof of Inspection and dispatch of the consignment. Inspection of supplies will be carried out by the competent Inspection authority as prescribed in the supply order. In case of local delivery or deliveries by road, the advance, final payment may be allowed on the strength of documents in proof of Inspection and delivery to the consignee – the proof of delivery being a provisional receipt certificate on the delivery challan of the supplier.

In Para 5 Line 5

After the word cash assignment add "or within 90 days whichever is later".

In Para 5 Lines 6 & 7

FOR one month, READ 90 days and after the word "Payment" add "or earlier as the case may be".

In Para 6 Lines 4 & 5

After the word "firm" add "or within 90 days whichever is later".

FOR one month READ 90 days

In Para 7 Line 4

FOR existing "30 days" READ "90 days"

Existing Para 9 may be substituted as under :-

The expenditure will be debitable to Major Head 2076, Minor Head 108 of the Defence Services Estimates.

All other entries will remain the same.

This issues with the concurrence of Integrated Finance (R&D) of this Ministry vide their ID No.859/IF/(R&D) dated 01 May 97.

Sd/-  
(S.L.Tripathi)

Under Secretary to the Government of India

The Director General, Research & Development  
Deptt of Defence Research & Development  
Ministry of Defence  
New Delhi – 110011

Copy to:-

Controller General of Defence Accounts, New Delhi  
Director General of Audit, Defence Services, New Delhi  
All DRDO Establishments/Labs  
Dte of Budget, Finance & Accounts/DRDO HQ  
Dte of Material Management  
Dte of Management Studies  
Director (Finance)  
D(Hindi Cell) – for Hindi version

Copy signed in ink to:-

CDA (R&D), New Delhi  
CDA (R&D), Bangalore.

## Chapter – 11

### IMPORTED STORES

11.1. **Introduction:** Procurement of materials from countries outside India forms an integral part of Material Management activities of Research and Development. The main reasons behind imports, when there is so much thrust on indigenization in the country's economic policy, besides being contributed to classified nature of work related to security of the country are attributed to the following factors:-

- a. Advancement of Science and Technology in Western countries is much faster as compared to India.
- b. Development of infrastructure for the R&D works in the indigenous Civil Sector is almost negligible as the requirement in the Defence (R&D) Sector is very meager (requirement being for R&D only and not for trade).

11.1.2. Due to these factors, a need to look up to the developed countries, whose prime activities are the Defence oriented production and export to the third world countries where the Defence sector is almost in its infancy, is inevitable. In other words some of the materials required for Research and Development are almost non-existent indigenously and there is no option but to import. It is because of this reason that "Foreign Purchases" are in existence in DRDO. However, it will be necessary to scrutinize each requirement of import by the Director/Project Director to keep the self-reliance goal in mind.

11.2. **Foreign Purchase Cycle:** The foreign purchase cycle is processed as under:

- a. Initiation/approval of demands.
- b. Tendering action leading to placement of orders.
- c. Payment/release of foreign exchange
- d. Receipt, inspection, installation and commissioning.
- e. Settlement of transactions and scheduling of vouchers.
- f. Credit verification of imported stores.

11.2.1. **Initiation of Demands/Arising of Demands:** Procedure and levels of initiation/approval of demands for the imported items will be the same as applicable to other purchases as defined in Chapter 4 of PM 2006. Such demands however, will have to be restricted to the list already projected to HQ with exception of emergency and unforeseen requirements.

11.2.2. Sources of information regarding availability of materials could be following:

- a. Advertisement in print and electronic media including internet.
- b. Technical Literature/Pamphlets.
- c. Information through visitors/marketing seminars/symposium/ exhibitions.

- d. Visit to foreign countries or information exchange with foreign delegates/scientists.

#### 11.2.3. **Tendering action leading to placement of orders:**

11.2.3.1. **Requests for Proposal (RFP):** Once the demands are vetted and the necessity accepted by the CFA, Quotations are called for from the vendors through mail in the format prescribed in RFP. The following features may, however, be noted for guidance:

- a. Adequate copies of tender documents under Global Tendering are forwarded to respective Indian Embassies/High Commissions.
- b. Stipulation regarding EMD may not be insisted in respect of foreign vendors.
- c. Security Deposit, however, will have to be insisted upon for the performance by way of a Bank Guarantee from any First Class International Bank, wherever considered appropriate.
- d. Tender Inquiry should call for both FOB/CIF basis cost and total cost upto a specified place of delivery for all vendors and bid evaluation should be done accordingly.

11.2.3.2. **Acceptance of Quotes:** The Quotations are evaluated for its technical acceptance by the TEC. TPC/NC is initially conducted in absence of vendors to arrive at a benchmark price and then negotiated for their commercial terms to obtain the best price. The proposals are thereafter thoroughly vetted for acceptance. The proceedings of the TPC are then submitted to the CFA for his approval.

11.2.3.3. **Placement of Purchase Order/Contract:** After approval for release of FE, the Purchase order/Contract will have to be placed on the foreign supplier for the required items as per the quotation and sanction accorded by the CFA. The Contract should be sent to the seller in duplicate and a copy of the contract duly signed by the seller should be obtained by the Lab/Establishment.

11.2.4. **Payment/Release of Foreign Exchange:** The TPC while recommending the proposal for foreign purchase for acceptance also looks into the aspect of payment terms of the vendor and accordingly makes its recommendations regarding mode of payment of supplies/services made by the foreign vendor and release of foreign exchange required for such purchases/services as well as other issues like transit insurance, Bank charges, agency commission, custom formalities, import/export certificate etc.

#### 11.2.4.1. **Procedure for release of Foreign Exchange:**

- a. Allocation of bulk FE will be made by DRDO HQ (DMM) to the DRDO Labs/Establishments/Major CCPA Programmes/ LCA in consultation with the Integrated Finance and MOD (D Budget). This allocation will be made at the

beginning of financial year and on as & when required basis, depending upon the exigencies.

- b. The Directors of Labs/Establishments are delegated with full powers to release FE for each proposal/contract only on cash outgo basis in the same financial year upto allocated ceiling. The amount of all such FE releases will be noted by the local payment office of the CDA/PCDA (R&D) on case to case basis. The register of noting such foreign exchange will be monitored at AO/SAO level against the amount released by banks and the amount of debit advices adjusted by the Office.
- c. The essential conditions governing release of FE, required to be observed and all cases of FE release, complete in all respects, will be submitted to the appropriate sanctioning authority along with the following documents:
  - i. Valid quotation(s).
  - ii. PAC and CST, as applicable.
  - iii. SPC/TEC/TPC/NC minutes with specific recommendations/ approval.
  - iv. Anticipated amount of cash outgo within the current financial year and commitment in the ensuing year(s).
  - v. Request for financial sanction in cases beyond Director's delegated powers.
  - vi. Proforma as per DRDO MM-19/DRDO MM-20.
  - vii. Checklist for scrutiny of FE proposals vide DRDO MM-21/DRDO MM-22.
- d. The proposals shall not be split merely to bring them within the delegated powers.
- e. The import in question is covered by an appropriate rupee budgetary support during the financial year.
- f. The approved FE ceiling for a financial year is intended to cover the outgo in respect of all previous commitments as well as fresh commitments made during the year. No further commitment will be made unless it is ensured that adequate provision exists for the same.
- g. The FE is released and Noted on CIF/CIP basis. It may, therefore, be ensured that even if the freight and insurance are paid in Indian rupees, the same will be noted against the foreign exchange allocation, as these are treated as charge against foreign exchange.
- h. The noting will be made on cash outgo basis against the financial year in which the payment is to be made. If the foreign exchange released is not utilized during the year in which it was noted, the same will be got denoted for the current year and re-noted for the next financial year after the fresh allocation is made.

- i. Allocations made to Labs/Establishments shall not be exceeded in anticipation of additional funds. Additional allocations will be sought from DRDO HQ well in advance to ensure timely allotments.
- j. For procurement of 'Build-up items', a certificate to the effect that procurement of similar item/additional features to the items/equipment is not likely to be made in the near future may be asked for in audit.
- k. The delegated powers cannot be re-delegated to the lower authorities. In case the Director of Lab/Establishment goes on leave or on temporary duty for a period exceeding one week, the Directors may authorise the officiating Directors to exercise FE release powers in his absence.

11.2.4.2. **Mode of Payment:** Foreign vendors normally request for payment in one of following modes:

- a. Letter of Credit
  - b. Direct Bank Transfer/Telegraphic Transfer/Sight Draft.
- a. **Letter of Credit (LC):** The normal mode of payment to foreign vendors is through irrevocable and confirmed Letter of Credit. The LC will be opened by Labs/Establishments through CDA/PCDA (R&D) after receipt of Order acknowledgement from the Foreign Vendor. In the event of cancellation of supply order/contract, due to reasons beyond control of Lab/Establishments, Directors are authorized to regularize the bank charges already incurred in respect of LCs opened/cancelled under LP Head. PCDA/CsDA (R&D) will issue a Letter of Authorisation to the concerned bank for opening of LC or for effecting direct remittance to the foreign party, under intimation to the Lab/Establishments with copies to RBI & Accounts Section. A format of letter of Authorisation is enclosed as Annexure 'A' to this chapter. LC may be opened with any of the following banks:

- i. State Bank of India
- ii. Syndicate Bank
- iii. Canara Bank
- iv. Bank of Baroda

The request for opening an LC is to be accompanied by the following documents:

- i. Application addressed to bank for opening LC (DRDO MM-25).
- ii. Application to open irrevocable/confirmed documentary credit (DRDO MM-26).
- iii. 'Form A1' (DRDO MM-27).
- iv. Supply Order and amendments, if any.
- v. FE release letter indicating noting of commitment by CDA/PCDA (R&D).

- vi. Order acknowledgement (DRDO MM-24) received from the vendor.
- vii. A copy of the Sanction letter of the Project/facility.
- viii. Confirmation of Availability of Funds within the Budget Allocation of the lab.
- ix. Specimen signature of the officer of the Lab/Establishments authorised to sign the request to SBI and Accounts office for opening of LC.

b. **Direct Bank Transfer/Telegraphic Transfer/Sight Draft:** This is another mode of payment for remittance of money to foreign vendors who do not accept payment through LC, for small value orders. To release the payment under this mode, the CDA/PCDA (R&D) or their sub offices will ensure availability of funds in respective service heads before issuing instructions to the bank. The payment is made on the same day or the next working day and the debit advice is to be received within three working days of the release of payment. The debit advice should be adjusted immediately by the concerned audit section. This mode is used in following conditions:

- i. To release 100% payments after completion of delivery, installation and commissioning of stores.
- ii. To release balance payments after installation & commissioning of equipments where major payment has been released through LC on delivery of stores.
- iii. To release payment in case of repair of equipments in foreign countries.
- iv. To release payments in inter-governmental contracts as per the terms of payments.

11.2.4.3. **Bank charges while releasing foreign payments:** Tender inquiry for all imported stores should invariably include the clause on bank charges outside India, i.e. "All Bank charges payable in India are to buyers account and bank charges in seller's country to seller's account". In case of items where the foreign vendor refuses to bear the bank charges arising in the foreign country, and the item is critically required, lab Director can sanction payment of such charges on the basis of TPC/NC recommendations for items costing upto Rs 10 lakh. All cases for sanctioning of foreign bank charges for items costing greater than Rs 10 lakh need to be referred to DMM for approval by competent authority. Payment of foreign bank charges of the vendors by the buyer in the foreign country is however against international norms and all efforts must be made by all concerned to ensure that bank charges in seller's country are borne by the seller. In case of extension of LC due to delayed delivery of stores, the bank charges will be borne by the party at default. These aspects should be clarified under terms of payment in the tender document as well as the Contract/Supply Order.

**11.2.4.4. Some other aspects which are to be looked into before issuing the Letter of Authorisation are as under:**

- a. Check the TPC minutes to ensure the FE release is as per recommendations of the TPC.
- b. Quotations are valid for at least 15 days from the date of noting.
- c. In case of advance payment/stage payment, Bank Guarantee Bond is enclosed as per the payment terms agreed to in the TPC/PNC.
- d. Latest official exchange rate may be applied for arriving at Rupee equivalent.
- e. No undesirable terms and conditions are contained in the Quotations. No additional charges to be paid over and above the FCA/FOB cost, except 10% extra to arrive at the notional CIF cost.
- f. Rupee back up in LP allocation should be available for CIF value.
- g. All the audit checks as detailed in Para No. 10.5.3 for pre-audit of LP bills of R&D Internal Audit Manual should also be applied before authorization of FE payment.
- h. The delivery schedule indicated in the quotations may be checked to ensure that:
  - (i) The delivery is to take place within the existing PDC of the project
  - (ii) The delivery is to take place within current financial year, else the case is to be processed on "Commitment Basis".

**11.2.5. Receipt, Inspection, Installation and Commissioning:** Once the consignments are delivered at the stores department of the laboratory, the packages are opened, inspected for their quality and quantity by qualified personnel and are brought on charge by means of Certified Receipt Vouchers (CRVs) and issued to the users in the normal fashion.

**11.2.5.1. Insurance during Transit:** As per the existing rules, stores costing above Rs.2.5 crore may be insured. For stores costing less than Rs 2.5 crore, Directors of Labs/Establishments may, however, use their discretion to insure. Directors of Labs/Establishments will use their discretion to insure through a nationalised insurance agency, against loss or damages in transit, the sensitive/delicate/fragile/ costly stores/ equipment/machinery and scientific instruments where probability of loss or damage is very high.

**11.2.5.2. Customs Formalities: Custom Duty Exemption Certificate:** GOI has exempted all imports made by DRDO from payment of Customs Duty vide various Notifications issued from time to time. These benefits will have to be availed on all imports. For this purpose an appropriate Customs Duty Exemption Certificate (CDEC) is to be issued in the following cases:

- a) Direct Imports: Whenever Labs/Establishments are importing directly from a foreign supplier by paying in FE, it is considered a Direct Import. For this, DRDO HQ issues a certificate signed by CC R&D(R). This certificate enables Director of Lab/Establishments to issue CDEC for all direct imports. These are covered by Customs Notification No. 51/96 as amended from time to time.
- b) Third Party Imports: These imports are those when the purchase order is placed on a third party who will import on behalf of Lab/Establishments, get customs cleared and then deliver the stores. Such imports are covered under Customs Notification No. 39/96 as amended from time to time. The CDEC under this notification will be issued by the Directors of Labs/Establishments and countersigned by the CC R&D(R) through DMM.

**Note:** Ministry of Finance, Dept of Revenue (Tariff Unit) has classified that levy of 5% basic duty under Notification No. 51/96-Customs dt.23.7.96 and as amended by Notification No.24/2002-Customs will be applicable for imports covered by CDECs issued under Direct Import. No such duty (5% basic duty) will be applicable for imports covered under Notification No.39/96-Customs dated 23.7.96.

11.2.5.3. **Import Certificate – Export License:** For certain category of stores, import certificates are required for facilitating export by the vendors from their country of origin due to restrictions imposed by some foreign governments. Such certificates will be issued by DIITM, DRDO HQ when required by Labs/Establishments.

11.2.5.4. **End User Certificate:** Wherever required, Labs/Establishments will render end use certificate to appropriate authorities to enable the consignors to seek clearance for export of items from the country of origin, keeping in view the guidelines provided by DIITM at DRDO HQ.

11.2.5.5. **Agency Commission:** As per present instructions of the Ministry of Defence, no Indian or Foreign Agents are to be entertained in the process of procurement of foreign items and equipment.

11.2.5.6. The following clause is to be included in all Contracts with Foreign suppliers. "The seller confirms to the buyer that the seller is original manufacturer of the stores referred to in this contract and has not engaged any individual or firm whether Indian or Foreign whatsoever, to intercede, facilitate or in any way to recommend to the GOI, or any of its functionaries, whether officially or unofficially the award of the contract to the seller. Nor has any amount been paid or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The seller accepts that if it is established that the present declaration is in any way incorrect and if at any later stage it is discovered that seller has engaged any such individual /firm and

paid or intended to pay any amount/commission to such individual/firm and making the payment as commission. In addition, the seller will, also be debarred from entering into any supply contract with the Min. of Defence, GOI for a minimum period of 5 years. The buyer shall also consider cancellation of the contract without any entitlement or compensation to the seller who shall be liable to refund all payments made by the buyer in term of the contract along with the interest at the London Inter Bank Offer Rate (LIBOR)".

11.2.5.7. Where Regional offices of Foreign Firms have been authorised and set up within the country, they will not be treated as agents and the financial dealings with such regional offices will be restricted to the norms stipulated by the RBI for each specific case.

11.2.5.8. Where Indian /Regional offices of Foreign Firms are to provide post-sale services, such as installation, setting to work, execution of warranty etc., such stipulation will explicitly be made in the Terms and Conditions of the supply order/contract. Payment on this account will be made in Indian rupees, except for the cost of spares/services required from abroad for post-warranty maintenance.

11.2.6. **Settlement of Transactions and Scheduling of vouchers:** In the case of expenditure incurred for foreign payments through any of the payment modes indicated above, the financial adjustment carried out by Stores & Accounts Sections will be as follows:

11.2.6.1. The bank with which foreign payments are executed, will forward the debit advice to the CDA/PCDA (R&D) or the respective sub-office along with following documents:

- a. Tax Invoice of the Seller (original & duplicate)
- b. Bill of Lading/Airway Bill (original & clear)
- c. Certificate of Origin
- d. Certificate of Inspection
- e. Test Certificate
- f. Packing List
- g. Guarantee/Warranty Certificate
- h. Any other document as per contract.

11.2.6.2. **Action in the Audit Section:** On receipt of the debit advice along with the above mentioned documents, the audit section concerned will take following action:

- a. Scrutiny of debit advice (with relevant documents):** The debit advice and relevant points will be scrutinized to check the following points:
  - i. The documents provided by the bank are as per LC authorisation letter and the contract.

- ii. The amount debited is as per Supply Order
- iii. The bank charges incurred are as per approved rates.
- iv. The items mentioned in the packing list are as per the contract.
- v. The date of delivery is within the delivery period stipulated in the contract.  
For this purpose, the date of Airway bill may be taken as the date of delivery.
- vi. In case of delayed delivery, the bank should charge liquidated damages as per the contract terms mentioned in the LC authorisation letter.

**b. Adjustment of debit advice:** On receipt of cost memo in Stores Section, a PM will be operated by crediting the RBI Suspense Unclassified as + Receipt and the amount compiled to the service head as + Charge. In the case of payment against Sight draft, the PM will be prepared at the time of authorization to bank and on receipt of Cost Memo the difference if any will be compiled as above.

Example

Amount paid under LC:	Rs. 46, 10,000.00
Bank charges by RBI/SBI:	Rs. 27,145.50
Total amount for which debit advice is received:	Rs. 46, 37,145.50

i. PM Prepared at time of authorisation of Sight Draft by Audit Section:

Code Head	(+) Receipt	Code Head	(+) Charge
76/020/83	46,10,000	Service Head	46,10,000
Total	46,10,000		46,10,000

ii. PM prepared on receipt of Cost Memo (Debit Advice) by Audit Section:

Code Head	(+) Receipt	Code Head	(+) Charge
76/020/83	27,145.50	Service Head	27,145.50
Total	27,145.50		27,145.50

**c. Scheduling of Vouchers:** On adjustment of debit advices and scrutiny of the relevant documents, details of the invoice and the airway bill/bill of lading will be sent to the concerned LAO for verification of stores at his end. Scanned copies of the documents may be sent to the LAO through official email. In addition, the labs may be asked to forward CRVs of the concerned stores to the Audit Sections. The receipt of adjustment claims along with Debit Advice No. and TE No. should be noted in the LC Register.

11.2.6.3. **Action in the Accounts Section:** On receipt of debit advice from Treasury Banks (RBI/SBI), the Accounts section will pass on the credit to RBI Deposit Head 00/021/00 as (+) Receipt and operate RBI Suspense Un-classified 76/020/83 as (-) Receipt.

c) PM prepared by Accounts Section on receipt of Debit advice

Code Head	(+) Receipt	(-)Receipt
00/021/00	46,37,145.50	
76/020/83		46,37,145.50

11.2.7. **Credit Certification of Imported Stores:** On receipt of Invoice, Bill of Lading/Airways Bill and Packing List from the Audit Section, the LAOs concerned will carry out the credit verification of these foreign stores as under:

- a. Compare the damages and deficiencies noted on the packing accounts received by him with the packing accounts of the executive authorities.
- b. Pair the receipt vouchers with the packing accounts received by him with the packing accounts of the executive authorities.
- c. Link the documents with the ledgers, etc., to the extent prescribed for such linking.
- d. The packing accounts and the receipt vouchers will be suitably enfaced as paired and linked and initialed.

11.2.7.1. In order to ensure proper accounting of the imported stores/credit verification at end user level, LAO will render a monthly report to Internal Audit Section (IA) of the CDA/PCDA (R&D) by 5<sup>th</sup> of the following month in the proforma enclosed as Annexure 'B'.

11.2.8. **Maintenance of Register for Foreign Payments:** Following documents/registers will be maintained by the Audit Section in relation to imported stores.

- a. LC Register (Format given in Annexure C).
- b. Foreign Exchange Noting Register (Format given in Annexure D).

11.2.8.1. Objectives of opening of a LC Register are as under:

- (i) To have the records of expenditure against each LC at one place.
- (ii) To monitor the status of LC and its corresponding expenditure and settlement.
- (iii) To avoid double payment on account of freight charges.

11.2.8.2. On receipt of application for authorization of LC duly completed in all respects, the details of the LC are entered in the above register duly indicating all the relevant details of the transaction like SO No., Sanction, Name of Vendor, Currency in which payment to be made, SO value, Amount of FE released, Stage payments if any, FOB/FCA terms. As and when the cost memos are adjusted the relevant TE Nos., are indicated in the respective columns of the Register. It is to be ensured that the total payment adjusted is not more than the amount authorized in the LC. Thereafter the settlement account from the Lab/Establishments is to be expedited and the CRVs are scheduled to LAO for credit verification after making necessary entries in the LC Register. The cases where payments adjusted on receipt of cost memos and the settlement accounts are awaited from the Labs/Establishments, they are to be constantly monitored at higher level to finality.

11.3. The Imported Stores Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which are to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**Annexure 'A'****LIST OF REGISTERS – IMPORTED STORES SECTION**

<b>Sl. No.</b>	<b>Name of Register</b>
1.	Letter of Credit Register
2.	Foreign Exchange Noting Register
3.	Wanted Invoice Register
4.	Transfer Entry Register

**Annexure 'B'****List of Reports and Returns – Imported Stores Section**

<b>Sl. No.</b>	<b>Nature of Report &amp; Returns</b>	<b>Periodicity</b>	<b>Due Date</b>	<b>To whom sent</b>
1.	Foreign Exchange Report	Monthly	5 <sup>th</sup> of the following month	Accounts
2.	Compilation Review Report	Monthly	10th of the following month	Accounts

To

The Manager  
State Bank of India

Subject: Opening of Letter of Credit (LC)/Authorization for wire transfer.  
Reference: Director (Lab Concerned) Letter No.\_\_\_\_\_dated\_\_\_\_\_ addressed to  
your Bank and a copy to this Office.

\* \* \*

Sir,

Please refer to the Director (Concerned Lab) letter cited under reference on the subject requesting you to open an irrevocable LC against Contract/Supply Order No.\_\_\_\_\_ dated\_\_\_\_\_ in favour of\_\_\_\_\_ with (Bank Concerned) for a sum of (write foreign currency name and amount in figures and words on the terms and conditions as specified in the letter under reference).

2. The LC will be valid upto: Specify the period.  
3. The payment is to be made against the presentation of the documents mentioned below:

- i. Original, Clear Bill of Lading/Airway Bill. Bill of Lading/Airway Bill must show that the goods have been shipped/air freighted with freight pre-paid/to pay.
- ii. Signed Invoices (Original and Duplicate).
- iii. Certificate of origin.
- iv. Certificate of inspection.
- v. Test Certificate.
- vi. Packing List
- vii. Guarantee/Warranty Certificate.
- viii. Any other document as per Contract Payment Terms.

4. The Liquidated Damages @0.5% per week to a maximum of 5% should be deducted from the party concerned, if the delivery of stores is not as per the delivery schedule mentioned in the enclosed Foreign Supply/Purchase Order. Else the Bank would be liable for recovery/refund of such LD.

5. Necessary Foreign Exchange has been released by the Competent Authority as intimated vide Letter No.\_\_\_\_\_ dated \_\_\_\_\_ and noted by this Office (write foreign currency name and amount in Indian Rupees).

6. The amount in rupees plus incidental charges for the above remittance may kindly be claimed from RBI/SBI on the same day, under intimation to this office. After releasing the payment, all the above said documents in original along with the debit advice for the same amount should be sent to the Accounts Office (R&D) authorising this Letter of Credit immediately for necessary adjustment. Rest of the copies may be forwarded to the Director (Lab concerned).

Yours faithfully,

Sr. Accounts Officer (R&D)

Copy to:

1. The Manger, SBI (Concerned) – You are hereby authorized to reimburse the (above bank stated) amount of the LC negotiated plus incidental charges, if any for the above remittance and the same day kindly be debited to the account styled as PCDA/CsDA. A set of requisite LC documents is also enclosed herewith for your information and necessary action.

2. The Officer-in-Charge, Accounts Section, PCDA/CsDA (R&D)- For information please.

3. The Director (concerned Lab) – For information please.

Sr. Accounts Officer (R&D)

**Annexure 'D'**

**Name of the LAO:**

**Month/Year:**

Vouchers received for credit verification		Vouchers linked		Vouchers pending for credit verification			Vouchers not taken on charge				Any deficiencies/defective stores under the vouchers	Oldest date of unlinked invoice (under column No. 4)
1		2		3			4				5	6
Invoice No.	Date	Invoice No.	Date	Invoice No.	Date	Oldest date	Invoice No.	Date	Amount	Consignee		

**Signature of Local Audit Officer**  
**Name of the LAO**

Note: Remarks, if any may be given as note below the above mentioned table.

**ANNEXURE 'E'****LETTER OF CREDIT/SIGHT DRAFT REGISTER**

Acknowledgement No. & Date from LAO having received the documents	13.	
Forwarding Letter No. & date vide which Invoice/CRVs schedule to LAO.	12.	
CRV No. Details	11.	
Invoice & Airway Bill Details	10.	
Bank Advice memo No. and adjustment TE No.	9.	
LC amount	8.	
No. & Date of LC	7.	
DRDO HQ letters No. & Date under which Bulk FE released	6.	
Total Value of Contract/SO (FE/Rs)	5.	
Name of Firm & address	4.	
Brief Particulars	3.	
Contract/ SO No. & Date	2.	
Sl. No.	1.	

**ANNEXURE 'F'**

FE NOTING REGISTER

Orders for denoting	
LC/SD No. & Date	
Signature of DCDA/JCDA	
Signature of AO	
Signature of AAO	
Progressive Total	
Amount Released (in Rs)	
UO No. & Date	
Sanction No. & Date	
Sl. No.	

## CHAPTER-12

### MISCELLANEOUS SECTION

#### 12.1 Objectives:

- a. Audit and payment of all bills of contingent and miscellaneous nature.
- b. Payment of Imprest Advances and subsequent its recoupment.

12.2. **Checks on claims of Contingent and Miscellaneous nature:** The audit of claims will be carried out in accordance with the rules prescribed in Defence Audit Code and orders governing the claims as laid down in FR Part II. On receipt of bills in Miscellaneous Section after Diarisation in Records Section, following checks will be exercised:

- a. The claim is preferred in original on the contingent bill form (IAFA-115) & the charges claimed pertain to office or other contingencies.
- b. Standards of financial propriety as laid down in Para 39, Defence Audit Code Vol. I (Edition 1992) are observed while making the purchase. (also refer Rule 47(i) FR Part-II & instructions contained in Defence Audit Code for incurring contingent expenditure )
- c. Authority for incurring expenditure is given in the appropriate column of the contingent bill.
- d. Description/particulars & nature of stores/items purchased and the amount shown in dealer's bill are same as shown in the contingent bill.
- e. Contingent bill has been countersigned by the officer competent to do so. (refer Rule 41 FR Part-II)
- f. The signatures of the countersigning officer are verified with reference to the specimen signature register maintained for the purpose. (CGDA's Cir No.9019/AT/S/ PC 2 date 17.2.72 refers)
- g. The total amount of the bill worked out has been shown in words as well as in figures.
- h. There are no erasures and that all alternation(s) made in the claim are attested by the officer concerned as many times as they are made. (Rule 46 FR Part-II and Para 62(d) Defence Audit Code)
- i. The amount claimed agrees with the dealer's bills, by checking total of supporting bills individually & then their total in the main claim.

- j. The contingent bill is supported with the dealer's original bill duly receipted (& stamped wherever necessary).
- k. Bills are duly pre-receipted.
- l. No vouchers or order has been signed by the subordinate or an officer not authorized for signing of bills of contingent nature (Para 62(e) Defence Audit Code Vol. I (1992 edition) refers).
- m. Item purchased are covered under the authority quoted on the Contingent Bill.
- n. That the charges drawn through the Contingent Bill are of obvious necessity and the purchases have been made at fair and reasonable rates.
- o. The progressive expenditure including the present bill has not exceeded the allotment of funds for the purpose.
- p. The expenditure on any item or similar item does not exceed the financial powers of the sanctioning authority and where the expenditure exceeds the financial powers, it is ensured that the sanction of appropriate CFA exists. (refer Rule 58(c) FR Part-I)
- q. The sanction is not time barred (refer Rule 70 FR Part-I).
- r. It is to be ensured that no expenditure which requires the sanction of higher authority is sanctioned by a lower authority in installments (refer Rule 64 FR Part I).
- s. Where the charges claimed are of recurring nature it is ensured that the last charge is properly linked to avoid double payment.
- t. In case of repairs of typewriters, it is seen that the repair has been got carried out by the local authorized dealers only & proper control is exercised on total/annual cost of repairs for each type writer.
- u. Claims may be examined from higher audit angle so as to see that there is no case of infringement of rules/orders and that the canons of financial propriety as envisaged in Rule 6 of FR Part-I (1983) are observed {refer Para 39 Defence Audit Code Vol.-I (1992 edition)}.
- v. Provision of funds for incurring the expenditure has been duly authorised by the competent authority.
- w. The items/articles purchased have been taken on charge and the CRVs are enclosed. In case of job work etc. certificate of satisfactory completion of work has been enclosed.
- x. After the bill is finally admitted in audit and passed for payment punching medium for compilation of the amount of the transaction should is prepared and the amount compiled to the correct/relevant code head of account.

- y. It should be ensured that the CRV's prepared by the unit and enclosed with bills of contingent nature are invariably scheduled to the concerned LAO office for verification of credit of stores in the books of the unit/lab concerned and a proper record of scheduling of Vouchers is maintained in the section.

12.3. **Checks to be exercised on claims for Office Telephone:** Following checks will be exercised on the contingent bills pertaining to telephone charges:

- a. Whether a certificate to the effect that the telephone for which rental is paid is within the authorized scale has been invariably endorsed on the bill.
- b. That in case of telephones installed with special sanction for specified period, the rent has not been claimed beyond the sanctioned period/date.
- c. The telephone bills in original are enclosed with the contingent bill.
- d. The bills are submitted in time to enable audit to authorize payment by due date and avoid payment of surcharge for late payments.
- e. The bills have been verified and countersigned by the authorised countersigning authority.
- f. Certificate to the effect that the calls were made for bonafide official business only is enclosed with the contingent bill and in case of private calls amount has been recovered and deposited into treasury through MRO and the MRO is attached with the bill.
- g. It should be seen from the telephone bills that rebates are availed of, wherever admissible under P&T Rules.
- h. It should be ensured that the last charge is linked invariably and a proper endorsement made on the bill before authorizing payment.
- i. Proper punching medium is prepared for the compilation of amount to the correct head of account. (see Note below)
- j. Cheque slip is prepared correctly for issue of cheque to telephone Department.

**Note:** As per DRDO letter No. DRDO/MS/RD-Fin/4001/ 6489/D (R&D) dated 2.1.98, expenditure on telephone/stationary etc. in respect of Tech Directors at R&D HQ and Tech Groups/Wings of the Labs/Establishments is to be booked to LP head and Admin side only is to be booked to Misc. head.

12.3.1. **Checks to be exercised on reimbursement of expenditure on residential telephone:** Keeping in view the major technological advancement taken place in the field of telecommunications by way of introducing internet, mobile facilities and the economy measures, rationalization of expenditure and measures for augmentation being the directives of Ministry of Finance from time to time, the existing entitlement regarding

recoupment of telephone charges of residential telephones provided to the officers as also on the mobile phones to the entitled officers to GOI and Broad Band facility at house has been converted into a single package and the maximum amount reimbursable to a category of officers will be regulated as per the rates given below:

Secretary to GOI & equivalent rank/SA to RM	Rs. 2800 per month
Addl./Jt. Secy to GOI	Rs. 2000 per month
Equivalent to Addl./Jt. Secy/DS/Sc 'H'/Sc 'G'	Rs. 1800 per month
Director & Dy. Secy to GOI/Sc 'F' 'E'	Rs. 1500 per month
Below the rank of Dy. Secy to GOI/Sc 'D', 'C', 'B'	Rs. 800 per month

(Restricted to 25% of Group 'A' officers below the rank of Dy. Secretary)

12.3.2. During audit of such claims, the following points to be seen in audit:

- a. The claim is supported by valid bill/receipt from the concerned officer.
- b. The amount reimbursable will have to be reduced by Rs.400/-, if the officer of the rank of Dy. Secretary and above does not have broadband facility at residence.
- c. The total expenditure on one or all of the stated facilities should not exceed the ceiling indicated above.
- d. In case of prepaid mobile connection, reimbursement is not admissible on submission of recharge coupons.
- e. The mobile/telephone connection should be in the name of the officer claiming reimbursement.
- f. In case Husband and wife are entitled for residential telephone and sharing the same residential phone, reimbursement up to the ceiling specified is admissible to one only on production of a certificate stating that the other officer (husband/wife) shall not claim the reimbursement in respect of the same bill.
- g. The applicable taxes on the expenditure incurred up to the ceiling amount are reimbursable.
- h. Reimbursement shall be restricted to one landline and/or one mobile connection only.

12.4. **Checks on Claims for Service Labels:** Following checks will be exercised on contingent bills pertaining to service labels:

- a. Claim is prepared on contingent bill as per Rule 282(c) FR Part-I.
- b. The certificate to the effect that service labels will be used solely on public service exists.

- c. Particulars regarding monthly average expenditure and balance in hand are given in the bill.
- d. Name of Treasury on which the cheque is required to be drawn is shown on the bill.
- e. To avoid unduly large stock of service label it should be seen that the stock position of service labels in hand is indicated in the contingent bill for service labels and before authorizing payment it may be seen that the stock is in consonance with the average consumption pattern.

12.5. **Checks on claim of Local Purchase of Stationery:** Following checks should be exercised on contingent bills pertaining to local purchase of stationery items:

- a. The claim is prepared on the contingent bill (IAFA-115).
- b. Sanction of CFA exists for the purchase of stationery items indicated in the bill.
- c. Certificate to the effect that the items purchased do not exceed three months requirement, is given.
- d. Whether the purchase of stationery articles has been made from Kendriya Bhandar only wherever the same exists otherwise on competitive basis at the lowest rates prevalent in the local market and proper CST with quotations have been enclosed with the claim.
- e. The claim is supported by pre-receipted bills of the dealer and stamped wherever necessary.
- f. Proper CRV has been prepared and items have been brought on charge in the Stationery ledger duly marked with page numbers etc.
- g. Thereafter cheque slip and punching medium for payment is prepared and for compilation of the amount to the correct head of account.
- h. It should be ensured that the CRV's prepared by the unit and enclosed with bills are invariably scheduled to the concerned LAO office for verification of credit of stationery items in the books of the unit/lab concerned and proper record of scheduling of vouchers is maintained by the section.

12.6. **Checks on Claims for Liveries:** Following checks are required to be exercised on the contingent bills on account of claims for Liveries:

- a. The claim is supported with the supplier's bill in original duly pre-receipted and stamped.
- b. The purchases have been made from the authorised dealers only.
- c. Rates paid for each item do not exceed the rates prescribed by the Government from time to time for different item of liveries.

- d. Nominal Roll of Govt. Servants to whom liveries are being issued interalia stating the date of last issue of uniform is attached with the claim.
- e. Whether the liveries as per the nominal roll attached with the bill are due for issue as per the Rules for in vogue for issue of liveries to MTS.
- f. CRVs/IVs on which liveries have been taken on charge/issued are furnished with the bill.
- g. It is certified that individuals to whom liveries are on the authorised and regular strength of the Lab/Establishments/Units.
- h. For bills pertaining to stitching of uniforms/manufacture of embroidery badges, it may be ensured that the stitching of uniform is arranged as per the need of office through private tailor or through a co-operative agency (if in existence) and charges are claimed to the extent as admissible for those employees only to whom cloth for liveries has been issued .

12.7. **Checks on Claims of Binding/Printing Charges:** Following checks should be exercised on contingent bills pertaining to binding charges:

- a. It must be ensured that the claim is preferred on the contingent bill duly supported with the following documents:
  - i. Copy of contract agreement in the case of first claim and reference to contract agreement in subsequent claims.
  - ii. Dealers' receipt duly pre-receipted and affixed with revenue stamp wherever necessary.
  - iii. Inspection Certificate to the effect that the work has been done satisfactorily duly signed by the officer concerned.
- b. It is ensured that the expenditure incurred is within the financial limits and where the limit exceeds, Govt. sanction is sought for.
- c. Certificate to the effect that binder is not available/ posted in the office is enclosed with the claim.
- d. It should be ensured that all the contracts valued at more than Rs 1 Lakh have been routed through Director DESIDOC (Para 5.1 (a) (ii) of Appendix A to letter No. DRDO/DBFA/FA/83226/M/01/2031/D(R&D) dt. 30-07-2010 delegation of financial powers refers)

12.8. **Checks on Claims of Books & Periodicals:** It should be seen that:

- a. The claim is preferred on contingent bill IAFA-115.
- b. It is supported with sanction of the CFA.
- c. Dealer's bill duly pre-receipted and stamped wherever necessary is attached with the claim.

- d. Certificate to the effect that the books and periodicals purchased are essential for the discharge of functional responsibilities of the Lab/Establishments endorsed on the bill.
- e. Books & periodicals purchased have been properly brought on charge in respective ledger(s) maintained for the purpose.
- f. In cases of payment of advance subscription for the purchase of periodicals/journals on long term basis, a certificate to the effect that the "agreement as prescribed has been obtained" should be forwarded along with the bill.

**Note:** Residual Papers and periodicals when the same are out of date are required to be sold to the best advantage of state and sale proceeds credited to the Govt. as miscellaneous receipts. This aspect is required to be watched from time to time while authorizing the payment of above nature.

12.9. **Checks on Claims of Advertisement Charges:** The following checks are required to be carried out in these claims:

- a. The cutting(s) of the advertised material is enclosed with the claim.
- b. Ensure that the bill relates to publicity of matter concerning the lab/Establishments.
- c. The bill is signed/countersigned by the competent authority of Lab/Establishments.
- d. Necessary sanction of competent authority for publishing the matter has been accorded and sanction letter is attached with the bill.
- e. The amount/expenditure does not exceed the amount of sanction by the competent authority.
- f. The bill is supported with DAVP bill duly pre-receipted and stamped where necessary.
- g. In case of bills of other than DAVP, proper justification for publishing the matter through other agencies is furnished with the claim.

12.10. **Claim for Permanent Advance (Imprest):**

- a. In case of Initial claims for permanent advance (Imprest) it is to be ensured that the sanction of competent financial authority sanctioning the drawl of permanent advance (Imprest) has been attached with the bill.
- b. In respect of claims for subsequent recoupment of the Imprest Account the claim is required to be checked with reference to the vouchers attached with the account to ensure that the payments made out of Imprest are in public interest

for meeting the day to day petty office requirements and stores purchased out of Imprest account are properly accounted for Other checks as prescribed for LP bills are required to be observed while checking of Imprest Account recoupment claims.

**12.11. Payment of Honorarium & TA/DA to Guest Lecturer:** Claims for payment of honorarium & TA/DA to guest lecturers will be admitted on the basis of invitation letters sent by the competent authority to these Lecturers inviting them to deliver Lectures.

12.11.1. Lecturers, both from DRDO and non DRDO, who have been invited to deliver lectures will be paid honorarium upto Rs 4000/- per session (maximum) per lecture (Para 6.8 of Appendix A to letter No. DRDO/DBFA/FA/83226/M/01/2031/D(R&D), dated 30-07-2010, delegation of financial powers refers) and TA/DA as admissible for outstation guest lecturers is also payable.

12.11.2. They will be paid from the Miscellaneous grant and a proper receipt obtained from the guest lecturers and proof of travel will be looked for during the audit of these claims.

**12.12. Payment of Registration/Delegation Fees:** Registration/Delegation fee for courses conducted by outside agencies to an extent as per delegated powers per candidate as sanctioned by the Director Lab/Establishments., will be paid from Training Head. The amount will be paid as an advance based on the sanction issued by the Director for attending the course. The advance will be cleared on receipt of paid receipt from the institution concerned.

12.12.1. Similarly, a lump sum amount as sanctioned by the R&D HQs will be paid to the Lab/Establishments for conducting Continued Education Programmes (CEP). For CEP course separate budget provision is made in the budget allocation every year and the amount of the bills for this purpose is required to be booked to this allocation only.

**12.13. Hiring of Civil Transport for administrative reasons:** Hiring of civil transport for administrative purposes to the extent permissible under delegated powers (See Para 5.2 (i), Appendix-A to letter No. DRDO/DBFA/FA/83226/M/01/2031/D (R&D), dated 30-07-2010, delegation of financial powers) will be paid from revenue head for LP.

12.13.1. Apart from the general audit checks to be exercised as enumerated, such claims are required to be admitted on the basis of

- a. Confirmation regarding "Non-Availability" of service transport from the MT section,
- b. Sanction of the competent authority as per above delegation of powers for hiring of civil transport, will be the supporting documents for these bills.

- c. That the duties performed are bonafide and official and re-imburement has not been claimed for personal/non-official duties by the respective officers. A certificate in this regard is to be attached with the bill.
- d. That the officers for whom regular transport was provided from residence have not been paid Transport Allowance along with Pay & Allowances. A certificate in this regard is to be attached with the bill.
- e. The duty slips enclosed to the bills should clearly indicate departure/arrival time, place of visit and should be signed by the officer using the transport duly indicating name & designation.
- f. Whenever transport is hired at outstations, a copy of the sanction from the appropriate CFA duly indicating the details of officers, period of hiring, places required to be covered duly supported with a certificate that no separate allowance was paid during the said period at outstation is to be looked into.
- g. The total expenditure incurred on Hiring of Transport during that financial year up to the last payment is to be indicated on the bill, so as to ensure in audit that expenditure in excess of Rs.40000 per annum has been got concurred by the IFA.

12.14. **Conservancy Charges and Garden Maintenance:** In DRDO, these services are known as, 'Environmental Control, Hygiene and Maintenance service charges'. Generally these are classified into technical and non-technical areas. Environmental control hygiene and maintenance service of technical area is the responsibility of the concerned Lab and will be booked to LP head. Contracts will be concluded with the most economical vendors duly observing the laid down procedures. Expenditure for the non-technical area is only booked to Misc. head. This service is also got done through contracts. Garden Maintenance of the non-technical area is the responsibility of the Estate management unit of the locality. Bills on the above account are audited like any other bills based on the contract agreements made with the firms and amount classified as per the area of operation as stated above.

12.15. **Payment of legal charges bills to advocates:** Payment of legal charges including fees to the Govt. Pleader is paid from Misc. Grant. The maximum limit which a Lab Director can sanction is Rs 50,000/- per case per year (see Para 5.5 of Appendix A to Letter No. DRDO/DBFA/FA/83226/M/01/2031/D (R&D) dated 30.07.2010-delegation of financial powers).

- 12.15.1. The supporting documents for legal charges claims are:
  - a. Sanction of the CFA.
  - b. Receipt obtained from the Govt. Counsel/Advocate etc.

12.15.2. **Entertainment Charges:** Official entertainment charges are admissible to the extent permissible under Para 5.4 of Appendix A to letter No. DRDO/DBFA/FA/83226/M/01/2031/D (R&D) dated 30.07.2010-delegation of financial powers on per annum basis.

12.15.3. It is to be watched that:

- a. The amount is booked to the Misc. Grant. Of the Lab/Establishments concerned.
- b. Sanction of the CFA exists for incurring the expenditure out of Entertainment Grant and concurrence of IFA is obtained wherever necessary.
- c. Details of expenditure along with all supporting documents are available with the claim.
- d. Entertainment expenses for a particular project are booked to that project and not to the Misc. Allotment.

12.16. **Audit of Grants-in-Aid released by DRDO:** DRDO sanctions grants-in-aid to nurture the available research talent and to develop facilities in IITs, Universities, Higher Technological Institutions, Colleges and other research centers in the country for promoting Research, Design and Development program in defence related areas. Grants-in-aid are also sanctioned by way of financial assistance to DRDO aided schools as amenities.

12.16.1. Detailed provisions for sanction of Grants-in-Aid and their further accounting are laid down in Rules 206-215 of GFR, 2005 and the same are required to be adhered to by the sanctioning authority and the organization receiving the Grant-in- Aid for a specified purpose from the DRDO. The provisions of the GFR and its implications are reiterated for guidance while authorizing the payments against the sanctions issued by sanctioning authorities in DRDO:

- a. As per Sl. Item 3.1 of Appendix-A to Govt. of India, Ministry of Defence Letter No. DRDO/DBFA/FA/83226/M/01/2031/D(R&D) dated 30.07.2010, concurrence of IFA in respect of all cases of Grant-in-Aid upto Rs. 3 crore, concurrence of JS & Addl. FA in respect of all cases upto Rs.5 crore, and concurrence of Secretary Def (Fin) in all cases upto Rs.10 crore is required.
- b. PCDA/CsDA (R&D) are responsible for:
  - i. Releasing grant-in-aid.
  - ii. Watching for audited accounts and utilization certificates.
  - iii. Adjustment of unspent balance, if any.

12.16.2. **Release of Grant-In-Aid:** Grant-in-aid to grantee institutions is released by PCDA/CsDA (R&D) on the basis of the sanctions issued by the CFA. The following points are required to be seen in audit at the time of release of payments:

- a. Original ink signed copy of the sanction letter for Grant-in-Aid is enclosed with the claim.
- b. Contingent Bill duly countersigned by the Competent Authority is enclosed with the claim.
- c. In case of subsequent release of grants, it should be ensured that a copy of statement of accounts of grantee institutes/organizations duly audited along with the Utilization Certificate has been received.
- d. The claims should be as per the sanctioned amounts.

**Note 1:** Utilization certificates need not be furnished in cases where the grants-in-aid are being made as reimbursement of expenditure already incurred on the basis of duly audited accounts. In such cases the sanction letters should specify clearly that the utilization certificates will not be necessary.

**Note 2:** In respect of Central Autonomous Organisations, the Utilization Certificate shall disclose separately the actual expenditure incurred and the Loans and Advances given to suppliers of stores and assets, to construction agencies, to staff (for house building and purchase of conveyance etc.), which do not constitute expenditure at that stage. These shall be treated as unutilized grants but allowed to be carried forward. While regulating the grants for the subsequent year, the amount carried forward shall be taken into account.

12.16.3. **Adjustment of unspent balance of Grant-In-Aid:** Unspent balances, if any, are remitted to PCDA/CsDA (R&D) by grantee institutes/organization through MROs and adjusted by crediting the amount to the relevant code head by (-) ch if received in the same financial year, otherwise it is credited to Misc Receipts.

12.17. **Post Graduate Courses – Reimbursement of Semester Fee:** As per the extant orders on the subject, Defence Institute of Advanced Technology (DIAT), Deemed University (DU) Pune will be conducting M. Tech, MS (By research) and Ph.D. Program every year. Accordingly, Director, Human Resource Development will be sponsoring DRDO personnel to these courses every year. Further, DRDO will also sponsor candidates for ME/M. Tech courses under R&T scheme of DRDO at various IITs.

12.17.1. The sponsored employees are entitled for reimbursement of the following expenditure at DIAT/DU:

- a. There will be no Tuition Fee charged for DRDO employees.
- b. To meet the expenditure towards cost of stationery, photocopy, books etc., an amount of Rs.2000/- per semester for M. Tech & MS (by research) and Rs.1000/- per semester for Ph.D. Program is reimbursable.

- c. Duration of the course exceeding 4 Semesters for M. Tech/MS and 8 semesters for Ph.D. Program, no reimbursement is entitled beyond the above limits.
- d. Before relieving the sponsored employees for the respective courses, the Directors of Labs will ensure submission of necessary bond for appropriate amount and forward the same to DoP and DHRD.

(Authority: GOI, MOD, Dept of Def R&D No. DHRD/70500/DIAT/DU/Ex-REG/C/M/01/3150/D(R&D) dt.10.11.2006)

**12.17.2. At IITs:**

- a. All fee/charges (non-refundable) charged and paid to the Institutes except hostel charges (if individual is availing hostel facility) are reimbursable.

**Note:** Some IITs are charging hostel charges from all students irrespective of whether they avail hostel facility or not (like 'hostel overhead charges' presently being charged by IIT Kharagpur from all students). Such charges are reimbursable being mandatory charges.

- b. The amount claimed by the employees will have to be certified and countersigned by the Institute/University authorities.
- c. Reimbursement with maximum of Rs.2000/- per semester to meet the expenses towards cost of stationery, photocopying, books etc., subject to verification by the Institutions/University authorities of the expenditure for the schedule duration of the courses only.
- d. The amount actually incurred will be reimbursed per semester subject to satisfactory completion as certified by the Institute/University.
- e. Ad-hoc advances are permissible subject to the condition that the adjustment bill for the advance drawn earlier is submitted before the drawal of advance for the next semester.
- f. Before relieving the sponsored employees for the respective courses, the Directors of Labs will ensure execution of necessary bond by them for an appropriate amount and also to serve DRDO at least for four years after completion of the course.
- g. If a candidate withdraws from the course, he has to refund to Govt. all the money spent upon the candidate and also renders liable for appropriate administrative action.

(Authority: GOI, MOD, Dept of Def R&D No. DHRD/70642/PG/Result/11/C/M/09 dated 25.05.2011)

12.18. **Payment of Uniform & Washing Allowance to Nursing Staff:** Nursing staff of all categories at all levels employed in DRDO are entitled for following allowances:

- a. Uniform Allowance                      Rs. 6000/- per annum.
- b. Washing Allowance                      Rs. 300/- per month.

(Authority: GOI, MOD, Dept of Def R&D No. DMS/04/4263/M/01/2598/2011/D (R&D) dated 12.10.2011)

12.19. **Payment of Ration Allowance Claims:** The Service Officers attached to DRDO labs are entitled for Ration Allowance on leave/Temporary Duty at the rates notified by GOI from time to time. The existing rate of Ration Allowance payable w.e.f. 1.4.2010 is Rs. 45.82 per day. While admitting such claims in audit, following points are to be looked into:

- a. A copy of the Part-II Order notifying the leave casualty/grant of allowance is invariably enclosed.
- b. An undertaking from the Officer to the effect that he has not drawn ration in kind.
- c. Details of the claim passed are to be scheduled to LAO for verification in IAFZ-3033.

12.20. **Payment of TA to Spouse/One Guest of DRDO Awardees:** Travelling Allowance of spouse or one guest of each DRDO Awardee (who should be member of the family in extended sense) from any place in India to the place of presentation of the Award at Government expenses is admissible along with each Awardee. In case of posthumous award, the next of kin will be entitled to bring one guest at Government expense. During the audit of such claims, following points to be seen:

- a. The guest of the awardee is entitled to a single fare each way of the class to which the awardee is entitled to.
- b. The fare will have to be restricted to lower class if he or she actually travels by that class.
- c. No DA will be admissible to the guest.

(Authority: GOI, MOD, Dept of Def R&D No.DOP/02/25003/M/01/Awards-967/D (R&D) dt.14.3.01)

12.21. **Amenity Grant:** These grants are intended for the provision of sports gear, indoor games, literature, radios, gramophones, gramophone records, musical instruments and anything that helps in the well being and morale of the soldiers, which is not supplied by Government and which the soldiers cannot themselves provide. The

conditions and rates of the grants and specific categories of units and formations to which the grants are admissible are published in Army instruction every year.

12.21.1. In auditing the claims for amenity grants of DSC platoons attached to various Labs/Establishments, it will be seen that the following important audit requirements have been complied with:

- a. The charges have been preferred twice a year based on the authorized strength on or after 1<sup>st</sup> April and 1<sup>st</sup> October of each year where the authorized strength exceeds 10. Small units with strength of 100 or less should draw the full per capita grant in one installment.
- b. The following certificates are endorsed on the contingent bill and signed by the OC:
  - i. Certified that the authorized strength indicated on the contingent bill is correct.
  - ii. Certified that no notification of the disbandment of the unit has been received up to the date of claiming.
  - iii. The date of rising should be indicated on the contingent bill when a unit is raised during the course of the year.

12.22. **DRDO Awards Scheme:** In order to accelerate the pace of critical technology development, technology transfer & production and induction of state-of-the-art indigenous Defence Systems into the Armed Forces, DRDO Awards Scheme has been re-instituted to motivate the DRDO community and partners in other R&D Organizations, Academic Institutions, Public & Private Sector Industries and Armed Forces vide GOI, MOD, Dept of Def R&D Letter No. DOP/02/25003/DRDO Awards/2545/D(R&D) dt.10.10.2011.

12.22.1. As and when payment of awards under the above scheme is being claimed from CDA, following points are to be seen in audit:

- a. The selection of the awardees in the categories of 'Young Scientist Award' & 'Best Performance Award' under HQ level Awards shall be approved by the Secretary, Def R&D.
- b. Nominations for all other HQ level awards shall be approved by the Raksha Mantri.
- c. Laboratory awards shall be approved by the Director of Lab.
- d. The no. of awards under each category and the monetary value should be as per the limits indicated in above letter.
- e. In the case of awards given to individuals, the amount of award money will not exceed Rs.2 lakh per individual except for 'Life Time Achievement Award'.

- f. In the case of institutions or teams or groups, the amount of award will be such that no individual will get more than Rs.2 lakh.

12.23. **DRDO Cash Awards Scheme:** As and when payment of awards under the above scheme is being claimed from CDA/PCDA, following points are to be seen in audit:

- a. Directors of Labs are competent to make cash awards up to Rs.1000/- each once in a year restricted to maximum 10% of total strength of the lab, excluding DRDS scientists as on 1<sup>st</sup> Jan of the year.
- b. Chief Controllers including Chief of Personnel, DRDO are empowered to make Cash Awards up to Rs.1000/- each once in a year in respect of staff working under their respective administrative control, restricted to 10% of total strength of the Directorate excluding DRDS Scientists as on 1<sup>st</sup> Jan of the year.
- c. A person can be given more than one award during his service/career, but only one award in a year.

(Authority: GOI, MOD, Dept of Def (R&D) No. DOP/02/25003/Awards/M/01/2330/D(R&D)/08 dt.02.07.2003.)

12.24. **Reimbursement of expenditure on Newspapers to Officers:**

Reimbursement of newspapers at the residence of all Service/Civilian Officers posted in DRDO Hqrs/Labs/Establishments has been approved by GOI, MOD, Dept of Def (R&D) vide their No. DMS/FN/5514/M/01/News Paper/671/D (R&D) dated 22.2.2002 at the following rates:

SA to RM/Secretary level	Rs.500 per month
Distinguished Scientist/Sc 'H'/Addl. Secy level	Rs.300 per month
Sc 'G' and equivalent/Jt. Secy level	Rs.250 per month
Sc 'F' & equivalent & below up to Gp 'B' GOs	Rs.130 per month

Submission of newspaper bills/receipts has been dispensed with.

12.25. **Pay & Allowances of SRF & JRF:** DRDO has a scheme known as "Research Fellowships in DRDO" to offer Research Fellowships in its Labs/Establishments to carry out research work in frontier areas of Science & Technology which shall comprise JRF, SRF, SRF(P), SRF(H) etc. During the audit of Pay & Allowances claims of such nature, following points are to be seen in audit:

- a. Initial claim is duly supported by an appointment letter.
- b. Claims are submitted duly enclosing financial sanction from the appropriate authority.
- c. Contingent bills are countersigned by a designated authority.
- d. Persons, against whom the allowances are claimed, are within the permissible period.

- e. All relevant recovery schedules are enclosed to the claim.
- f. Rates of pay claimed are in consonance with the entitlement.

12.25.1. The rates of stipend payable to different categories of fellowship are as follows:

JRF	1 <sup>st</sup> & 2 <sup>nd</sup> year	Rs.16000/- p.m.
	3 <sup>rd</sup> year (if retained as JRF)	Rs.18000/- p.m.
SRF	During the entire tenure	Rs.18000/- p.m.
SRF(P)	1 <sup>st</sup> & 2 <sup>nd</sup> year	Rs.18000/- p.m.
	3 <sup>rd</sup> year (if retained as SRF(P))	Rs.20000/- p.m.
SRF(H)	During the entire tenure	Rs.20000/- p.m.
	Research Associate ship – entire period	Rs.24000/- p.m.

In addition, HRA is admissible at prescribed rates. For the purpose of HRA, Stipend will be treated as Basic Pay.

12.25.2. Contingency grant up to a maximum of Rs.15000 per annum and Rs.20000 per annum may be paid to Research Fellows and Associates respectively on reimbursement basis for the first two years. The contingency grant is increased to Rs.20000 per annum for the subsequent years. Utilization certificate from the concerned individuals may be looked in to in audit.

(Authority: GOI, MOD, Dept of Def R&D No.01/RD/HRD/89-90/133/D(R&D) dated 18.1.2011)

**12.26. Supply of milk for workers engaged in occupations involving risk of lead poisoning**

12.26.1. DRDO personnel deployed in occupations involving risk of lead poisoning are issued with ½ pint of milk vide Govt. of India, Ministry of Defence No.42(81)/55/D(FY)/6211/D(Lab) dated 24.06.1960 based on the recommendations of Medical authority.

12.26.2. The following audit checks are to be exercised before admitting claims of this nature.

- a) It should be ensured that the personnel are deployed on the following duties.
  - i) Individuals engaged in lead painting or required to handle lead paints.
  - ii) Individuals engaged in leaded petrol filling shells.
  - iii) Individuals engaged in the treatment of stores with cellulose nitrate dope.
  - iv) Inspection staff engaged in inspection work during the manufacturing and filling/or boiling out of explosives of poisonous

nature and other defence civilians who are actually employed on the manufacturing and filling of explosives of poisonous nature.

**Note:** The intention of the expression "recommendation by the Medical authorities" referred to in para 12.26.1 is that medical authorities should certify the particular operation/trade which involves handling of lead with the attendant risk of lead poisoning for the purpose of authorization of ½ pint of milk to the personnel employed on such jobs. It is however not intended that the individuals engaged in such operations/trades should be medically examined for this purpose.

- b)
  - i) Individuals employed on such duties continuously for 30 days or more will be issued free milk for the actual period of work.
  - ii) Individuals employed on such duties continuously for 15 days or more but less than 30 days will be issued free milk for 30 days.
  - iii) Individuals employed on such duties continuously for 15 days or less will be issued free milk only for those days on which they are engaged on such work.
- c) Register showing the names, ticket nos., if any, of the workers/individuals to whom such issues of free milk are made will have to be maintained by the Lab/Establishment concerned.
- d) The quantity of milk required will be obtained daily from Military Dairy Farm or from other sources i.e. either through contracts arranged by Military Farms or by ASC. But at stations where this arrangement is not practicable, milk will be obtained by local purchase by the Lab/ Establishment concerned.
- e) Supplies obtained from Military Farms or by ASC will be accounted for in the normal manner. The expenditure incurred on local purchase will be debited to the miscellaneous grant of the Lab/Establishment to which the entitled individuals belong.
- f) The issue of milk in such cases merely raises the general resistance of the individual and is in no way a substitute for the other prescribed protective measures which must continued to be adopted.
- g) It should be ensured while admitting the bills that other personnel without medical recommendation as referred to above are not being provided above facility.

12.27. **Grant of TA/DA, Honorarium, etc. to non officials and departmental experts**

12.27.1. TA/DA, honorarium, etc. granted to non officials and departmental experts who act as co-chairperson, advisors, members of personality test/interview boards of Recruitment and Assessment Centre (RAC) of DRDO are governed by the provisions of Govt. of India, Ministry of Defence letter No.RAC/05/Hon-Rev/2013/2270/D(R&D) dated 17.09.2013.

12.28. **Cases falling under Workmen Compensation Act, 1923**

12.28.1. Bills for payment of compensation in terms of Workmen Compensation Act, 1923 received in the section are to be thoroughly scrutinized and cases to be forwarded to DRDO HQ for obtaining sanction for Charged Expenditure with relevant audit remarks.

On receipt of such sanction, payment will be released to the respective authorities for onward payment to the affected worker.

A manuscript register has to be maintained in the section for this purpose.

12.29. Miscellaneous Section will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which is to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**Annexure 'A'****LIST OF REGISTERS – MISCELLANEOUS SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Specimen Signature Register
6.	Register of Sanctions
7.	Grant-in-Aid Register
8.	Income Tax Register
9.	Provisional Payment Register
10.	Advance/Part Payment Register (Demand Register)
11.	JRF/SRF – Pay and Allowances/Expenditure Register
12.	Letter of Credit Register
13.	Cash Assignment Register
14.	MRO Register
15.	DV Register
16.	Master Note Book (MNB) Register
17.	Audit Progress Register (APR)
18.	Instruction Order Register
19.	Adjustment through CDA-13 Register

TYPED VERSION

No. RAC/05/HON-REV/2013/2279/D(R&D)  
Government of India  
Ministry of Defence  
Deptt of Def. Research & Development  
New Delhi, Date the 17th Sept 2013

To,  
The Director General Research & Development  
Defence Research and Development Organisation  
Ministry of Defence,  
New Delhi.

Subject: Grant of Travelling Allowance/Daily Allowance, Honorarium, Road Mileage Allowance etc. To Non Officials and Departmental Experts who Act As Co-Chairpersons, Advisers/Members of The Personality Test/Interview Boards By Recruitment & Assessment Centre (RAC)/DRDO.

Sir,

The undersigned is directed to invite reference to Ministry of Defence, Deptt of Defence R&D letter No. RAC/05/HON-REV/2009/3364/2009/D(R&D) dated 06 Nov 2009 on the above subject and to convey the sanction of the President to the grant of Travelling Allowance/Daily Allowance/Honorarium & Road Mileage Allowance etc. as per Annexure-I to this letter in the case of non-officials as well as Departmental members invited by RAC for works associated with interviews for Recruitment/Promotion and other selection board meetings in supersession of the GOI letter(S) referred to above.

2. Director RAC is authorized to conduct Personality Tests/Interview Boards at any station where a DRDO Lab/Estt is situated including at RAC and any other places i.e. Educational Institutions/IITs/Universities where no DRDO Lab/Estt/ exists. The Director/Officer-in-charge of DRDO Lab/Estt including Director, RAC wherever such Board is held, is authorized to draw the amount in advance from their respective CDA/Area Account Office to make on the spot payment to advisers/members of the Personality Test/Interview Boards as per rates laid in Annexure I and also to meet the expenses incurred on their entertainment. The Director, RAC including the director of the DRDO Lab/Estt where such Interview Boards are conducted is also authorized to hire transport where Govt. transport is not provided for experts/advisers of the boards. The accounts will be settled within one month of the date of completion of the interviews at the respective Station/Labs/Estts.

3. This will have the retrospective effect w.e.f. 05 Nov. 2009

4. The expenditure on this account is debitable to Defence Services Estimates, Major Head 2080, Minor Head-800 of Defence R&D Organisation.

5. This letter and supersedes earlier letter no. RAC/05/HON-REV/2009/3364/2009/D(R&D) dated 05<sup>th</sup> Nov 2009.

6. This issues with the concurrence of Ministry of Defence (Fin/R&D)vide their Dy no. 812/MoD Fin (R&D) dated 11 Sep 2013.

Yours faithfully,  
Sd/-  
(SD BHASOR)

Under Secretary to the Government of India

Copy to:

The CGDA, New Delhi

The DG ADS, New Delhi

The RAC/DRDO-(10 copies)

The DB (F&A)

Copy Signed in ink to :-

PCDA (R&D), 'L' Block, New Delhi and all other CsDA/JCDA (R&D) officer-

The CDA (R&D)

CV Raman Nagar

Bangalore -560093

**Annexure-I to Ministry of Defence No. RAC/05/HON-REV/2013/2279/D(R&D)  
dated 17<sup>th</sup> Sep 2013**

Non-Official advisers/Members and Departmental Experts of the Assessment /Recruitment other Personality Test/Interview Boards of Defence R&D Organisation shall be entitled to honorarium, travelling Allowance, daily allowance, Road Mileage Allowance etc as under:-

**(A) HONORARIUM**

- |                      |   |  |
|----------------------|---|--|
| Co-Chairperson       | - | Rs. 4000/- per day subject to maximum of 10 days in a calendar month   |
| External Experts     | - | Rs. 2000/- per day   |
| Departmental Experts | - | Rs. 500/- for half a day or less and Rs. 1,000/- for more than half a day subject to maximum 30 days in a year or Rs. 30,000/- |

**(B) TRAVELLING ALLOWANCE/DAILY ALLOWANCE TO NON-OFFICIALS**

As admissible to Grade-I officers, cases of air-travel of non-officials may be regulated in terms of the Deptt of Expenditures O.M. 19024/7/82-E.IV dated 08 Oct 1982.

- (C) TA/DA to officials shall be as per their entitlements.

**(D) ROAD MILEAGE ALLOWANCE**

Local non-official Advisers/Members may be allowed conveyance hire charges as per the actual subject to a maximum of Rs. 600/- (Rupees Six hundred only) in addition to the Honorarium payable to them in case RAC is unable to provide the transport.

**Appendix 'A' to CPRO 80/60**  
**Copy of GOVERNMENT OF INDIA, MINISTRY OF DEFENCE LETTER NO. 42/(81)/55/D(FY)/6211/d(LAB) DATED 24 JUN 60**

SUBJECT: Issue of ½ pint of milk to Defence civilians engaged in occupations involving risk of lead poisoning

I am directed to convey the sanction of the President to the free issue of ½ pint of milk per man, per diem, to the following Defence civilians employees, irrespective of the fact whether or not they are industrial employees by the Medical authorities:-

- (a) Individuals engaged in lead painting or required to handle lead paints,
- (b) Individuals engaged in occupation involving risk of lead poisoning such as those employed in leaded petrol filling sheds
- (c) Individuals engaged in the treatment or stores with cellulose nitrate dope;
- (d) Inspection staff who are engaged in inspection work during the manufacturing and filling and /or boiling out of explosives of poisonous nature and other Defence civilian employees who are actually, employed on the manufacturing and filling of explosives of a poisonous nature

\*Note-The intention of the expression 'when recommended by medical authorities' occurring in para 1 above is that medical authorities should certify the particular operation/trade which involves handling lead with the attendant risk of lead poisoning for the purpose of authorization of the ½ pint of milk to the men employed on such jobs. It is however, not intended that the individuals engaged in such operations/trades should be medically examined individually for this purpose.

2. Individuals employed on such duties continuously of 30 days or more will be issued free milk for the actual period of their work. Those employed continuously for 15 days or more but less than 30 days irrespective of whether the period in question is in one calendar month or is spread over two calendar months, will be issued free milk for 30 days. Those employed for less than 15 days will be issued free milk only for those days on which they are engaged on such work.
3. A register showing the names and ticket numbers, if any, of the workers/individuals to whom such issues are made will be maintained by the installations concerned.
4. The quantity of milk required will be obtained daily from military dairy farms or from other sources i.e., either by contract arranged through the military farms or by Army Service Corps. But at stations where this arrangement is not practicable, milk will be obtained by local purchase direct by the establishments concerned.
5. Supplies obtained from Military Farms or through ASC will be accounted for in the normal manner. However, the expenditure incurred on local purchase of milk under arrangements made by establishments concerned will be debited to the Misc Grant of the Unit/Establishment to which the entitled individuals belong.
6. The issue of milk in such cases merely raises the general resistance of the individual and in no way a substitute for the other prescribed protecting measures which much continue to be adopted.

7. The following letters are here by cancelled:

- i) Late DD letter No. 1957/06(MC-12) dt.18.06.1938, as amended from time to time.
- ii) Late WD letter No. 6311/7/MG/CD-VII dt.25.07.1946.
- iii) M of D letter No. 59/1/DGAFMS/DG-23/2432/D(Lab) dt.29.03.1951.
- iv) M of D letter No. Air HQ/24112/74/PP&R/AF/14220/D(Lab-1) dt.17.10.1955.
- v) M of D letter No. 1957/4/OF12A/B dt.08.05.1948.
- vi) M of D letter No.1479/III/D(Fy) dt.19.06.1958.

## Chapter - 13

### RESOURCE GENERATION

13.1. **Introduction:** Considering the present constraints in availability of resources, DRDO has deemed it necessary and possible to generate additional resources which can be utilised to finance its important activities. Ministry of Finance has already conveyed its approval to the utilisation of additional/enhanced receipt/accrual (over and above the level assumed in the budget estimate for the financial year) from disposal of surplus/obsolete assets (stores, land etc.) to finance higher Defence expenditure vide Additional Secretary (Bud) ID No. S--54 /AS (B) /91 dated 31. 10. 1991. Accordingly, DRDO mobilises additional resources not only from disposal of surplus assets but also by offering services in the form of consultancy, utilisation of its existing facilities including testing facilities, conducting user specific training courses and offering for hiring of its specialised facilities of ranges etc. It also supplies products specific to the requirement of users, develop and modify such products and also develop and sell software specific to user requirements. Sales are made to both national and international agencies. The conditions for sales of products and services including offering of facilities on hire are governed by the procedure, regulations and protocols prescribed by the competent Agencies of the Govt.

#### 13.1.1. **Nature of DRDO activities for resource generation:**

- a. Services such as testing of materials, equipment and machinery.
- b. Consultancy on systems, technologies, services, software facilities.
- c. Fabrication of products, Installation of specialised facilities, processing of materials and chemicals etc.
- d. Hiring out of major test facilities, ranges etc.
- e. Disposal of obsolete, surplus and unserviceable equipment, material, vehicles etc.
- f. Transfer of technology.
- g. External or sponsored projects.
- h. Processing/fabrication/supply of products.
- i. Software and computing technologies.
- j. Export of technologies, products, software etc.

**13.1.2. Categorisation of Resource Generation Activities:**

- a. Activities involving no fresh expenditure i.e. consultancy services, including testing, evaluation of products, hiring out of test facilities, technology transfer etc.
- b. Activities requiring fresh expenditure i.e. development of product/process, setting up of facilities, development of software etc.

**13.2. General Guidelines:**

**13.2.1. Processing and Execution of Contracts upto Rs. 50 Lakh:**

- a. Directors of Labs/ Establishments are authorized to quote, negotiate and conclude individual contracts upto Rs 50 lakh. A copy of such contracts is marked to Directorate of Industry Interface & Technology Management (DIITM) which was earlier known as C-TEC.
- b. The negotiating team is limited to a maximum of 3 members including Director/ Project director and a representative of CDA/PCDA (R&D) for bids upto Rs. 25 lakh and a representative from IFA for bids between Rs. 25 lakh and Rs. 50 lakh.
- c. Cost estimates are prepared by a committee constituted by Director of the Lab/Establishments with technical experts and representatives of IFA/CDA/PCDA (R&D) as members. Pricing is based on guidelines issued periodically by Chief Advisor (Technologies) in consultation with Integrated Finance.
- d. In contract execution, the Director of the Lab/ Establishments constitutes a TPC with a representative of IFA/CDA/PCDA (R&D) for purchase of materials/components etc. and for fabrication/development contracts.

**13.2.2. Processing and Execution of Contracts above Rs. 50 lakh:**

- a. DIITM is authorized to quote, negotiate and conclude individual contracts above Rs. 50 lakh.
- b. Cost Estimates are prepared by the Cost Estimates Committee constituted by the Director of the Lab/ Establishments with technical experts and representatives of IFA/CDA/PCDA (R&D) as members.
- c. A Negotiating Committee of 3 members is constituted by Chief Adviser (Technology) which includes Director of the concerned lab and Additional FA/Director (Fin/R&D) as members.
- d. Pricing is finalized by the Chief Adviser (Technology)/Officer-in-Charge, DIITM in consultation with Integrated Finance.

- e. In contract execution, DIITM constitutes a TPC with a rep each from the Integrated Finance and DIITM for purchase of materials/ development contracts.

### 13.2.3. **Instructions on Payments and Receipts:**

- a. Payments are received through crossed cheques/ drafts in favour of CDA/PCDA (R&D) and deposited in the Govt. Treasury through MROs.
- b. Each Project, assigned a job/ contract No. by the Lab/ Establishments and the same is intimated to CDA/PCDA (R&D) while forwarding the MRO. While doing so, the Lab/ Establishments also indicates the specific category code listed vide CGDA letter No. A/I9084/XVI dated 18.03.93 to be operated for the transaction. Based on these particulars, receipts/payments are booked by the CDA/PCDA (R&D) to the appropriate RDR code head.
- c. All receipts for deposits works, including resource generation activities, are deposited in the identified RDR account and not in Public Fund Account of the Lab/Establishments. Practice followed in some Lab(s)/ Establishments(s) to credit such receipts in the Public Fund Account is to be objected, reported to the higher DRDO authorities and ensured that the practice is stopped forthwith and procedure prescribed in this manual are followed. Credits remaining in Public Fund Account in such Lab(s)/ Establishments(s) transferred to relevant RDR heads after debiting all expenditures towards the activity.
- d. Expenditure associated with the resource generation is met from credits available in the RDR account. Efforts should be made during negotiation to ensure suitable down payment followed by stage payments depending on the merits of the case. Only in rare cases where jobs have to be taken up prior to receiving of money or in cases where credit is not available in RDR, should be referred to DIITM for assistance and resolution.
- e. Stores from inventory holdings of Lab/Establishments used in resource generation are accounted by issue of priced vouchers based on the last purchase price duly vetted by the CDA/PCDA (R&D).
- f. Labs/ Establishments having cash assignment are authorized to use this facility for making advance payments for fabrication/development contracts and also for cash purchase. Any payment made by the Lab/Establishments authorities out of cash assignment for resource generation activities should be distinctly shown in the monthly assignment account while submitting such

accounts to CDA/PCDA (R&D) for proper and correct accounting of transaction.

- g. Labs/Establishments not having cash assignment should approach CDA/PCDA (R&D)/respective sub-offices who will ensure immediate payments and debit the expenditure to the appropriate RDR account for subsequent adjustment/settlement.
- h. The Labs/ Establishments will furnish receipt and expenditure statement of job/contract completed during the financial year to their CDA/PCDA (R&D) who after vetting the same will intimate the DIITM & Chief of Resources the balance amount pertaining to completed projects/ contracts available in RDR heads by end of May of the subsequent financial year.
- i. Payments arising from export activities are obtained in advance or on the basis of mutually agreed down payment followed by stage payments depending on the merits of the case. Payments are accepted in the form of Banker's cheques drawn in favour of State Bank of India or through Irrevocable Letter of Credit operated through SBI. It should be ensured that adequate balance of funds remain with DRDO to carry out the export obligations.
- j. The RDR account is subject to post audit. Labs/ Establishments shall maintain necessary documentation in this regard.

13.4. **Exports:** Resource generation through export of products and services is undertaken by DIITM in accordance with orders issued by the Government. These transactions are carried out with the approval of Chief Adviser (Technologies).

13.5. **Financial Powers of Directors of Labs/ Establishments in respect of Resource Generation:** Financial powers listed in Appendix 'A' to this letter are delegated to Directors of Labs/Establishments for sanctioning expenditure from the RDR account. Any relaxation of the specified ceiling can be authorized by DIITM in consultation with Integrated Finance.

13.6. **General Instructions:**

- a. For products or services with multiple customer potential needing coordination at a national level, Chief adviser (Technologies) is authorized to nominate the PNC/ TPC contract execution.
- b. Coordination and supply of cold weather clothing and related activities with the RDR Head 22/017/05 and COMPROC with RDR Head 23/017/05 form part of resource generation activities.

- c. Technology Transfer schemes to public and private sector entities for spin-off benefits to the non-defence sector are also covered under Resource Generation. Guidelines for ToT fee/ royalty are issued separately by DIITM in consultation with Integrated Finance (R&D).
- d. As augmentation of resources or making profits is not the prime objective of the programme, hence all activities of the resource generation are called as 'Activities under RDR'. These include all transfers of technologies to the trade and supply of products and consultancy to the non-MOD sector and also providing testing facilities to entities other than DRDO laboratories. DIITM remains as the nodal agency for facilitating the DRDO laboratories in this regard and also for providing HQ cover and compiling financial data from the Labs/CDA/PCDA.
- e. A number of laboratories are taking up work relating with Limited Series Production (LSP) and development-cum-production orders under the RDR both from the 'Services' as well as from Defence PSUs with direct payment coming from these entities. However, this does not get reflected adequately at appropriate levels as an output from DRDO. Neither the financial controls are being exercised adequately. Therefore it has been decided that all the work packages, for which finances are not made available from the DRDO Budget through DBF&A, will be informed to DIITM as well as DRDO HQ on receipt of the enquiry. The laboratory will move the cases through their Clusters' Technical Directorates to DIITM for enabling order execution from the commercial angle. Each case will describe following details clearly:
  - a. Costing details as cleared by the Lab in association with respective CDA/PCDA.
  - b. Time-schedule commitment sought by the client and as recommended by the Lab.
  - c. Utilisation of resources including manpower from within the Laboratory. The costing of these resources should find reflection in the costing detail at sub Para (i) above.
  - d. Mode of execution i.e. through industry partners to whom transfer of technology has been made or through trade.
  - e. Requirement of FE component within the overall cost is to be reflected separately and whether this will be met by the client or internally by DRDO.

- f. DIITM vets the costing and arrives at the pricing in consultation with IFA (R&D), Cluster DGs and CC (R&D)[R]. The concerned DG (Cluster) is consulted on file before the Lab is cleared to communicate the prices to the client and accept the job. This is done within a week of the receipt of the case from the Lab.
- g. Once the money is received through a draft/transfer from the Service Head to the RDR Head of DRDO, by CDA(R&D), a job number under 'Activities under RDR' is assigned by the Lab. Intimation of receipt of money by CDA's office and consequent statement of activities is sent to DIITM and the respective Technical Directorates.
- h. For negotiation with the client for jobs over Rs. 50 lakh and for execution of the jobs thereafter the PNC/TPC is constituted as per the Govt. letter No. DBFA/FA/10/6108/D(R&D) dated 23 Nov 1995.
- i. The progress of each 'Job' is communicated by the Lab to its Technical Director and Director, DIITM on half yearly/quarterly basis dependent upon the job delivery schedule.
- j. On completion of the job, DIITM compiles the financial statement including the unspent balance from data received from the Lab duly vetted by the associated CDA/PCDA. This is put up to DG DRDO/Clusters and Additional Financial Advisor for top-level management information and decisions required, if any, before accepting the final closure of the Job.

### 13.7. **Accounting**

13.7.1. **Accounting of RG Projects:** Accounting of expenditure in these ventures is done separately to ensure that these are charged off from receipt, ensuring a net return to derive the financial benefit of the whole exercise of mobilising additional funds.

13.7.2. A Register of Orders is opened in the Lab wherein all orders are recorded agency-wise. A job number is allocated for each item of work and all the job numbers allotted for a month are sent to the respective CDA/PCDA (R&D). An MRO register is also opened wherein all receipts of advances are indicated against the orders placed.

13.7.3. The amount received against each contract/supply order/MoU is entered in the MRO register and forwarded to the concerned CDA/PCDA (R&D) for crediting the amount to RDR Head (017/05). On receipt of quarterly expenditure statement, the expenditure against the job concerned is charged off against the Misc. Receipt already compiled.

13.7.4. On completion of the job, net amount against each job will be the net amount of resource generated against the particular order/job order.

13.7.5. On receipt of MROs, the CDA/PCDA (R&D) will take the same as +Receipt to the RDR Head 0/017/05 Deposit Work with appropriate prefix and as +Charge to 00/020/80. On receipt of Quarterly Statement of Expenditure from the Director of the Lab, a punching medium will be prepared giving relief to the Deposit head and debiting 0/017/05 with appropriate prefix in the month's compilation. A reconciliation would be carried out to the amount booked to + Charge for Code Head 0/017/05 with appropriate prefix, with the total +Receipt, under the same Head.

### **13.8. Audit of Resource Generation Activities:**

#### **13.8.1. Action by Labs/Establishments:**

- a. As soon as a Contract, Supply Order, MOU etc. is entered into by Labs/Establishments, an ink-signed copy of the same will have to be sent to the concerned PCDA/CsDA (R&D).
- b. Each resource generation assignment/project should be allotted a unique job number in serial order and the same has to be intimated to the PCDA/CsDA (R&D).
- c. Payment from the user agencies will be received by Labs/Establishments through crossed cheques/bank drafts in favour of CDA/PCDA (R&D) and the same will be remitted through MROs.
- d. Labs/Establishments authorities will open a register as per format enclosed wherein particulars of MROs (both prepared by them or MROs in respect of which intimation received from DIITM/CDA(R&D) and expenditure incurred against such receipts job-wise will be entered. Other items of expenditure, such as cost of stores issued from main store wing, manpower cost, machine cost, overhead charges, cost of infrastructure including land and building and expenditure on transportation will also be debited to concerned project through this register. The amount of these elements will be taken from estimates prepared for execution of the job/contract.
- e. The Lab authorities will forward original copy of the MRO to their PCDA/CsDA (R&D) along with Job/Contract No. allotted to Resource Generation Project. While forwarding the MRO, Labs will also indicate the specific category code listed vide CGDA, New Delhi letter No. A/I/9084/XVI dated 18.3.93 to be operated for the transaction to facilitate proper credit of the amount.

- f. All the documents of financial nature i.e. contingent bills etc. submitted by Lab authorities to PCDA/CsDA (R&D) should bear the job number in bold letters besides Lab Code. A certificate to the effect preferably in red ink should also be endorsed in the documents that the same relates to Resource Generation jobs/contracts.
- g. The Lab authorities will reconcile the receipt and expenditure account maintained by them on quarterly basis with similar accounts maintained by their PCDA/CsDA (R&D).
- h. Payments against the Resource Generation activities made out of Cash Assignment will be distinctly shown in the monthly Cash Assignment accounts to be submitted to their PCDA/CsDA (R&D). The job number and the category code to be operated will also be shown on the related vouchers. No payments will be made from the LP Head of the Lab.
- i. Lab authorities will furnish receipt and expenditure statement of the job/contract completed during the financial year for vetting by their PCDA/CsDA(R&D) latest by the seventh of April of the following financial year.
- j. No liabilities will be incurred by the Labs/Establishments unless the amount for the job contract is available in RDR head against that particular job. In rare cases where jobs have to be taken up prior to receiving of money or if credit is not available in the RDR head against that particular job, the matter should be referred to DIITM for assistance & resolution.
- k. Separate store ledgers should be maintained for accounting for the stores purchased for RG activities. In this connection the store accounting procedures prescribed for DRDO Labs /Establishments should be strictly followed.
- l. Stores procured for RG activities and remaining un-utilised at the end of the project should be transferred to the main store and taken on charge in the main store ledgers.
- m. Store ledgers and relevant vouchers pertaining to RG activities shall be subject to local audit.

**13.8.2. Action by CsDA/PCDA (R&D):**

- a. Audit the ink-signed copies of contracts pertaining to Resource Generation Project and keep them in a separate file in safe custody.
- b. The CDA/PCDA (R&D) will open a register job-wise wherein particular of receipt adjusted and expenditure, including payment made out of cash

assignment, will be entered. TE No. or DV No. as the case may be, will be noted against each transaction. The register will have two separate parts indicating one time resource generation activities like consultancy services, use of test facilities etc. while other part will mention the long term resource generation activities like transfer of technologies earning royalty each year.

- c. On receipt of the MRO, the same will be compiled to code 0/017/05 with contra debit to code 0/020/80. Appropriate category code is to be prefixed to the code head.
- d. All the payments against a particular job/contract will be charged to the same RDR Head with same category code to which MRO pertaining to that job was credited. The same will be applicable to the payments made out of cash assignment also.
- e. Contingent bills and other financial documents received from the Labs/Establishments invariably bear the job/contract number and also the Lab Code. A certificate that the transaction relates to resource generation jobs/contract may also please be looked into in audit.
- f. On receipt of the priced copy of the issue voucher for the store issued from main store wing of the Labs, a class-II voucher will be prepared debiting the amount to RDR head and crediting the same to Govt.
- g. The teams visiting from the Lab for reconciliation of the account maintained by them with that maintained by CDA/PCDA (R&D) will be promptly attended to and corrections if any made in the accounts maintained by sub-offices.
- h. The Lab/Establishments will submit to CDA/PCDA (R&D) receipt and expenditure account for the completed jobs/contracts. The same will be reconciled with the receipt and expenditure account maintained by the CDA/PCDA (R&D). TE Number or DV Number as the case may be noted by CDA/PCDA (R&D) against each transaction shown in the statement. Besides cost of stores, manpower cost, machine cost overhead charges, cost of infrastructure including land and building and expenditure on transportation will be charged to concerned RDR head and the balance amount will be credited to Govt. through a class-II voucher prepared for the purpose. The amount of these elements may be taken from the estimate prepared for execution of the job/contract. The idea is that no expenditure is incurred on Resource Generation activities out of voted grant. The statement duly reconciled as above will be sent to Accounts Section of the Main Office latest by the twenty-fifth of April.

- i. A team nominated by the respective CDA/PCDA (R&D), in association with DIITM will conduct sample audit of the financial documents of the industry partners which are given the technology developed by the Lab. This includes Defence and other PSUs also to ensure that the amount of royalty given by the partners is correct and the revenue figures indicated by the industry partner are correct which are basis of the royalty or revenue sharing pact.

## Appendix 'A'

### Delegation of financial Powers to sanction expenditure for Resource Generation:

Sl. No.	Item	Power of Lab Director
1.	Purchase of Materials/ Equipment (On recommendation of TPC)  Open/ Limited tender  Single Tender/ Proprietary	Rs. 40 Lakh but not exceeding 80% of the order value   Rs. 10 Lakh
2.	Fabrication/ Development Contracts (on recommendation of TPC)	Rs. 40 Lakh but not exceeding 80 % of the order value
3.	Consultancy Contracts (With concurrence of Integrated Finance) through DIITM	Rs. 5 Lakh
4.	Payment of Advance To Govt. Agencies  To Private Agencies (with Bank Guarantee)	90 %  50%
5.	Cash Purchase	Rs. 10,000/- per transaction
6.	Honorarium to Employees	Rs. 1,000/- in each case
7.	Office Equipment & Stationary	Full Powers
8.	Audiovisual items, printing brochures, entertainment, presents, mementos, etc. Required for market promotion (in consultation with DIITM)	Full Powers
9.	Items of furniture, crockery & cutlery etc.	Full Powers
10.	Taxes and Duties, Insurance stamps, Legal charges	Full Powers
11.	Hiring of Civil Transport	Full Powers
12.	Travel of Personnel	Full Powers
13.	Transports of Goods	Full Powers
14.	Overtime Payment	Full Powers
15.	Medical Charges	Full Powers
16.	Hiring of Contract Manpower	Full Powers
17.	Minor Civil Works	Full Powers

Note: Wherever full powers have been indicated, expenditure shall be restricted to the amount catered for in the contracted value of the job order provided that funds are available.

TYPED VERSION

NO. DP&RM/RG/6100/RD/BUDGET/92/21/D(R&D)  
Government of India  
Ministry of Defence  
Deptt. of Defence Research & Development  
New Delhi: 110011, the 1st Jan, 1993

The Scientific Adviser to RM &  
Director General, Defence Research & Development  
New Delhi -

Subject: RESOURCE GENERATION BY DRDO LABS/ESTTs THROUGH OFFERING OF DRDO  
SERVICES, EXPERTISE AND FACILITIES.

Sir,

I am directed to convey the sanction of the President to the Directors of Labs /Establishments to generate resources by offering laboratory services and facilities to national /international agencies without in any way compromising national security needs.

2. All payments received as compensation for offering of such services and facilities will be made through crossed cheques drawn in favour of Director General Defence Research & Development. Proceeds so received will be credited to RDR head 23/017/05 through MRO. Details of receipts will be communicated to the respective accounting authorities under intimation to CDA(R&D). Vouchers for such receipts should clearly identify the lab and the task for which the receipt had been credited. The accounting authorities will permit drawal of funds from this Head by the Directors of the laboratories concerned based on the cumulative balance in hand under the RDR Head for the particular task.

3. The Laboratory Directors will have full power to utilize the funds available in the RDR Head for executing the specific task for which the amount was originally credited. The expenditure so incurred will be post-audited on quarterly basis by the accounting authorities.

4. Detailed instructions with regard to offering of products and services for resource generation, the pricing, accounting, auditing and utilization of the resources so generated is placed at Annexure 'A' of this litter.

5. The issue regarding royalty in respect of DRDO developed technologies is under formulation and separate guidelines covering quantum, collection, accounting and utilization will be separately issues by the Department.

6. This issues with the concurrency of Finance Branch vide their Dy. No. 2949/D/IF/R&D) dated 1-1-93.

Encl: Annexure 'A'

Yours Faithfully

Sd/-

Under Secretary to the Govt. of India

Copy to:

1. CGDA

- West Block, R. K. Puram  
New Delhi.
2. DGADS  
15/L-II Block  
New Delhi
  3. CDA(R&D)  
L Block  
New Delhi
  4. CDA(R&D)  
C.V Raman Nagar,  
Opposite LRDE  
Bangalore
  5. Addl FA(A)  
"B' Wing, Sena Bhavan  
New Delhi
  6. Addl. FA(A)  
South Block  
New Delhi
  7. Dirs, Labs/Establishments.

Reference: Government of India Letter No. DP &RM/RG/6100/RD (Budget/92/21D(R&D) dated 1st Jan 93

## GUIDELINES FOR GENERATION AND UTILISATION OF RESOURCES

Considering the present constraints in availability of resources, DRDO deems it necessary and possible to generate additional resources which can be utilised to finance its important activities. Ministry of Finance has already conveyed their approval to the utilisation of additional/enhanced receipt/ accrual (over and above the level assumed in the budget estimate for the financial year) from disposal of surplus/obsolete assets (stores, land etc.) to finance higher Defence expenditure vide Additional Secretary (Bud), ID No. S--54 AS(B)/91 dated 31.10.1991. DRDO intends to mobilise additional resources not only from disposal of surplus assets but also by offering services in the form of consultancy, utilisation of its existing facilities including testing facilities, conducting user specific training courses and offering for hire its specialized facilities of ranges etc. It also intends to supply products specific to the requirement of users, develop and modify such products and also develop and sell software specific to user requirements. Sales can be made to both national and international agencies. The conditions for sales of products and, services including offering of facilities on hire will be governed by the procedure, regulations and protocols prescribed by the competent Agencies of the Govt.

### 2. General Guidelines.

2.1 The inquiries regarding sales of products and services can be received directly by the Directors of the Lab./Establishments., as also Technical Directors in the DRDO HQ. DRDO HQ. will issue necessary guidelines regarding entertainment of inquiries by Directors of Lab./Establishments. with reference to the nature of products and services, monetary ceiling etc. DRDO HQ will also maintain details of such inquiries received and accepted in the Directorate of Planning and Resource Management.

2.2 The financial ceiling for acceptance of inquiries by the Directors of Lab./Establishments will be Rs. 50 Lakh, above that it will be scrutinised at DRDO HQ.

2.3 Directors of Lab./Establishments. shall exercise the powers delegated to them vide Ministry of Defence, Department of Research and Development No. 93916/RD-26 (ii)/5242-D(R&D) dated 15.10.1985 as amended from time to time.

### 3. Receipts Arising out of Disposal of Surplus /obsolete Stores.

3.1 Receipts arising on account of surplus /obsolete stores due to onetime efforts and special measures will be accounted for under Major head 0076, Minor Head 107, R&D organisation, detailed Code No. 405/30, Misc. receipts. For the purpose of distinguishing such receipts/ accruals from the normal budgeted Misc. Receipts. CGDA may be requested to allow using the unit code allotted to the Lab/ Establishments. as a prefix for identifying such onetime receipts.

3.2. DRDO HQ will direct all the labs/ Establishments to render a Monthly Account of such receipts quoting the cheque/ draft No. and MRO No. to the Associate Accounts office for reconciliation of the receipts and compilation of such receipts. A copy of the same will be rendered to DP & RM also by the Director of Lab/ Establishments.

3.3 The receipts/ accruals on account of such special efforts/ one time measures shall be consolidated till the month of November each year and an estimate obtained for the likely receipt to be received between the period from December to March each year. On the basis of the consolidated receipts till the month of November, necessary supplementary demands will be raised at the Revised Estimate stage in the Appropriate Revenue/ Capital heads by the DRDO HQ in consultation with Associate Finance.

Similarly another supplementary demand will be raised at the Modified Appropriation stage in the Appropriate Revenue/ Capital heads with reference to the estimates and actuals during the period December to March on each financial year. It has to be ensured that no expenditure is incurred in anticipation of likely availability of additional receipts/ accruals. Receipts must precede expenditure and no expenditure can be incurred in anticipation.

4. Receipts Arising on Account of Supply of Services, Products, Renting of Test Facilities etc.

4.1. Since such receipts/ accruals would involve contractual liabilities which may continue from one financial year to another, their accounting would have to be in a different manner. Such receipts/ accruals --- ----- ----- of resource including financial commitment and accordingly, may necessitate calling for advance payment from the user agencies. These would also involve fixation of standard rates, preparation of estimates and inclusion of profit element and maintenance of Proforma Account.

4.2. Receipts/ Accruals of the nature stated at 4.1 can be accounted under the RDR head, Misc. Deposits 017/05. However as this particular head is an omnibus Head and many category Code heads are already being used there, action is on hand to request CGDA to create another Misc. Receipt Head, exclusively for the use of DRDO, where by using the unit (Lab/Establishments.) Code and Category ( with reference to nature of works Code, to account for such Receipts/ Accruals.

1. While rendering supply of products and services, it would have to be ensured that DRDO is fully compensated for its efforts. Additional revenue, therefore, can be generated only through unspent balances and by levying a profit element. Accordingly, a system of preparation, examination and financial vetting of estimates / budget for the supply of products and services and maintenance of Proforma Account with reference to estimate and budgeted cost for their final comparison and transfer balances to the Revenue /Capital Heads of DRDO, has to be provided.

A detailed procedure for generating estimates, maintenance of Proforma Account, transfer of balances to DRDO Revenue / capital heads and audit of such transactions is provided in the following paragraphs.

5. Preparation of Estimates Against inquiries for Supply of products and Services, including Renting of Test Facilities, etc.

For preparing such estimates a committee may be formed by the Director of the lab with 3 or 4 members, of which one would have to be Finance Rep- either from Integrated Finance or Associate Finance. The following factors will be taken into consideration by the Committee and Lab Directors.

5.1 Test Facilities and Ranges: In the case of offering of test facilities and ranges on hire, Director of the Lab /Establishments. will compute the basic cost of these facilities, taking into account the following elements.

- (a) Original cost of machine and equipment: The present depreciated cost will not be taken into account as there is no system of depreciation in vogue in DRDO. Moreover as per the normal trade practices, depreciation is now a days being charged on replacement cost and such details may not be available in the DRDO Labs/ Establishments. The original (procurement) cost of equipment along with installation cost, etc. should be taken into account. This cost would also include the cost of spares maintained specifically for the machines, normal a special tools and the cost of maintenance of these machines.
- (b) Manpower cost: It would include the direct manpower cost in terms of the cost of machine operators, directly employed on the machine, and would consist of wages, overtime and other allowances, as applicable.
- (c) Overheads: It would include the cost of supervision overheads, material overheads and other allowances, as applicable.

Overheads can be charged as a percentage of the direct manpower cost, In terms of Ministry of Defence letter No. 53940/DGI/Adm/16/8796/D-Prod dt. 31/8/76, there a provision for charging 150% of the direct labour cost as overheads, but this needs to be reviewed as this percentage was worked out long back and the basis of working out such percentages is not available. In the case of ordnance Factories, the average distribution of element of cost is in the proportion, 7% labour, 66% material and 27% Overheads. Thus, overheads bear a proportion of 27:7 to labour cost which is around 385.7 per cent.

Overhead percentage, to be charged should be finalised in consultation with Associate Finance.

5.2 The Directors of the Labs/ Establishments should work out an hourly cost of utilisation of the machine/ equipments/ facilities, such a ranges, the cost of infrastructure, including lands and buildings, roads, etc and the cost of their maintenance

should also be taken into account based on which the incremental cost of using the facility for the outside agency can be worked out and a certain percentage added to the cost.

5.3 The incremental cost thus calculated, for utilization of machines and minor facilities along with all the supporting details, would be submitted to the Associated Accounts Office under CDA(R&D) for examination and vetting and can be promulgated for application for a period of two years. During this period the rate should be got reviewed in consultation with the Associate Accounts Authorities and suitably adjusted. The hire charges for major facilities like ranges would have to be worked out on case by case basis after taking into account the various elements of cost and profit element.

5.4. The various elements of cost mentioned above will constitute the basic cost of renting out the facilities. While quoting the rental cost to outside agencies, the market cost would, also be taken into account and the profit element would be adjusted in the manner that the basic cost of hiring similar facilities or what market can bear.

## 6. Profit Element

6.1 It is not possible to indicate any figure for charging profit towards rental of test facilities and ranges. The profit element has to take into account the market rate and what market can bear. Accordingly, it would be advisable to suggest a range for profit and this can be decided in consultation with Associate Finance.

## 7. Negotiations

7.1 The offer concerning renting out of test facilities can be made directly by the Directors of the Labs/ Establishments. In case negotiations are required to be carried out with the Purchasers of Products/ services, such negotiations will be carried out by suitable committees as prescribed in content of procurement of stores and services by DRDO and laid down in the procurement procedure of DRDO.

## 8. Development of Products

8.1 Firm estimates will be prepared and rates quoted only in the case of product already developed by the Labs/ Establishments. or where only marginal changes in the product are required, calling for minimal developmental efforts.

8.2. Wherever development of new products is required to be undertaken, an initial estimate would be prepared for the preparation of Feasibility Study and /or Detailed project Report. Such estimates would include details in regard to cost of manpower cost of stores and miscellaneous and incidental expenditure, including transportation etc. Overheads will be charged with reference to the cost of manpower. profit element would be separately included. The estimates will be prepared by the Director of the Lab/ Establishment and got scrutinised and vetted from the JCsDA/ Accounts Office concerned. Negotiations, if required will be carried out in the manner stated earlier.

## 9. Supply of Software

9.1 Estimates would be generated taking into accounting the likely man-hours required for development of software. The estimate would also include details of the nature of manpower and the man-hours required for different categories to enable the Associated Accounts Office to cost the manpower efforts correctly, Additionally, overheads will be charged to compensate for utilisation of other resources along with profit element.

## 10. Augmentation of Existing Facilities.

10.1 Whenever DRDO is asked to upgrade/augment its existing test/ manufacturing facilities for use by other Departments/ Agencies. it will enter into suitable agreement in the form of contract /MOU, as required.

10.2 The Directors of the labs/ Establishments will prepare a detailed feasibility report/project report, giving the requirement of funds duly vetted by the Associate Accounts Office, to the DRDO Headquarters. It would be ensured that adequate funding is made available by the outside agency, either in the form of outright advance of stage payments. While proposing stage payments, it would be ensured that no financial liability is incurred by DRDO from its own budget.

10.3 Wherever the requirements of foreign exchange arise, the estimates would include a provision that foreign exchange would be provided by the outside agency, or equivalent rupees at market rate of exchange would be made available.

10.4 Quarterly Expenditure and Receipt Account would be prepared by the Director of Lab/Establishments and submitted to the Associate Accounts office for scrutiny and audit.

## 11. Documentation

11.1 As soon as a Contract, Supply order, MOU, etc is entered into by the Director of the Lab/Establishments., or the Technical Directorate/ DRDO Headquarters, a copy of the same will be made available to the JCDA(R&D) concerned, to DP&RM and FA Section of CDA(R&D).

11.2. A Register of Order will be got opened by the Director Labs/Establishments wherein all the orders will be recorded agency-wise and Job Number allocated for each item of work.

11.3. The Job Number shall constitute the authority for incurring expenditure and shall be invariably quoted on all documents having financial implications like Issue Vouchers. Receipt Vouchers. LP Bills. etc. The Job Nos. allotted during the course of a month will be intimated to the Associate Accounts Office by the tenth of the following month and their acknowledgement obtained.

11.4. An MRO Register will be opened by the Director of the Lab/Establishments and receipt of advance will be indicated with reference to each order placed, along with the Job Number, Complete details of Cheques/ Drafts received will be entered therein.

11.5. A Quarterly Statement of Expenditure will be submitted to the Associate Accounts Office with reference to the budgetary heads of DRDO.

11.6. Formats for Register of orders and MRO Register a Quarterly Statement, Expenditure are provided at Appendix 'A' to 'C'.

## 12. Accounting

12.1. Detailed accounting of expenditure incurred on the supply of products and services is essential to ensure that resources do not get generated and not wasted on such efforts. For this purpose, a proforma Account will be maintained for all liabilities/ jobs undertaken for the supply of products and services.

12.2. The Proforma Account will be maintained with reference to the budgetary head of expenditure.

12.3. Once a Contract/Supply Order/ MOU is accepted for supply of products and services the Director of the Lab /Establishments. will allocate a Job Order Number to each of these items of work. Accounts will be maintained with reference to Job Order Numbers. The Cheques and Drafts received will be credited to the Government or MROs which will be submitted to the Associate Accounts Office (R&D).

12.4. On receipt of the MROs, the Accounts Office will take the same as + Receipt to \*\*/017/05 Deposit Work and as + Charge to 00/020/80. The prefix, i.e. \*\* will have been obtained, as stated earlier, from the CGDA, during the interim period till a new Deposit Code for DRDO is opened, the amounts will be deposited into the RDR head 23/017/05 for the year 92-93.

12.5. On receipt of Quarterly Expenditure Statement from the Directors of the Labs/Establishments. in the appropriate format, a Punching Medium will be immediately prepared by the Accounts Office concerned, giving relief to the appropriate Service Head (both, Revenue and Capital) and Charging \*\* /017/05 in the Month's Compilation in which the Quarterly Expenditure Statement is received.

12.6. A reconciliation would be carried out to the amount booked to + Charge for Code Head \*\*/017/05, with the total of + Receipt, under the same Head.

12.7. It is reiterated that the above arrangement would function as an interim arrangement till such time a new Deposit head for DRDO Misc. Deposit is got opened in consultation with CGDA. CDA(R&D) would be requested to issue fresh accounting instructions thereafter.

12.8 An Annual summary of expenditure will be prepared by the Director of the Lab /Establishments and rendered to the Accounts Office concerned for the complete financial year. A copy of the statement will also be rendered to the DP&RM.

12.9 Once the job is completed, the final cost of the job will be worked out by the Director of the Lab /Establishment and compared with the Receipts/ Accruals for the job and the balance worked out.

12.10 The balance thus worked out along with the supporting details will be forwarded through the Associate Accounts Office (R&D) to DP&RM, duly vetted and certified for enhancing the provision under RE/MA as the case may be in consultation with Budget Division.

### 13. Exports

13.1 Exports of products and services will be regulated by the order issued by the various Government agencies responsible for regulating exports.

13.2. All the cases of supply of products and services to foreign government/ agencies will be dealt with centrally in the DRDO HQ in association with the Technical Director/ Director of the concerned lab /Establishments.

13.3 As far as possible, all the payments on account of export will be obtained in advance or on the basis of mutually agreed stages, but care would exercised to ensure that adequate balance of funds remains with DRDO to carry out the export obligations

13.4 Payment will be accepted in the form of Bankers cheques drawn on State Bank of India.

13.5 The payment on account of export earnings when received, will be credited to the Government Account on an MRO and the procedure as detailed under Accounting Procedure will be followed for carrying out necessary accounting adjustments.

13.6 DP&RM will maintain centrally an account of such payment received DP&RM will consolidate the details of the export earnings with reference to the Cheques/Drafts received, MRO No. under which the same has been deposited, and forward the same to the EAD through Associate Finance and Budget Division of Defence (Finance).

13.7. A case would be taken up with the EAD through Budget Division of Defence (Finance) for augmenting the FEE allocation of DRDO.

13.8. Simultaneously, action will be taken to get the budget allocation in rupees enhanced by an equivalent amount of receipt accruing on account of export earnings at the RE and MA stage, as per the procedure already stated earlier.

13.9. The foreign exchange received will not be available for expenditure until and unless EAD formally enhances the FEE allocation.

14. Audit.

14.1 It would be ensured in audit that financial expenditure is not incurred beyond the stated receipts and also in anticipation of receipts.

14.2 The documents maintained for the purpose of resource generation will be subject to audit which will be carried out on a quarterly basis.

14.3. The procurement of stores, etc., will take place with reference to the Procurement Procedure Prescribed for DRDO, as amended from time to time.

14.4. It will be the duty of all the Directors of the Labs/Establishments to ensure that all the documents are maintained correctly and necessary assistance is provided to audit is carrying out its functions.

The above instructions will remain in operation till further orders. This also has the approval of the Finance Division.

TYPED VERSION

DBFA/FA/10/6108/D(R&D)  
Government of India  
Ministry of Defence  
Deptt. Of Defence Research &  
Development

23<sup>rd</sup> Nov. 1995

To

Director General  
Defence Research & Development Organisation  
New Delhi

Subject: Resource Generation by DRDO.

Sir,

Resource generation to supplement budgetary support as well as to foster application of DRDO developed technologies in the non-defence sector has been receiving attention by the Government since 1991. Guidelines in this regard have been issued vide letter No. DP&RM/RG/610/RD(BUDGET)/92/21/D(R&D) dated 01.01.1993.

2. I am directed to convey the sanction of the President of India for revision of the above Guidelines with a view to increasing DRDO's efficiency and effectiveness in these activities through simplification of procedures.

3. This is proposed to be done in the following manner:

- (a) All transactions (Receipts and Payments) will now pass through RDR Heads.
- (b) Financial powers of Directors of Labs/Establishments to quote for equipment/Services have been defined.
- (c) The financial powers of these Directors in pursuance of execution of contracts for resources generation have been liberalized and set out in Appendix A to this letter.

4. The details of these above modifications are given in the following paragraphs.

5. Processing and Execution of Contracts up to Rs.50 Lakh.

- (a) Directors of Labs/Establishments are hereby authorized to quote, negotiate and conclude individual contracts up to Rs.50 Lakh. A copy of the contracts will be marked to CTEC.
- (b) The negotiating team shall be limited to a maximum of 3 members including Director/Project directors and rep CDA (R&D) for bids up to Rs.25 lakh and rep integrated finance for bids between Rs.25 lakh and Rs.50 lakh.

- (c) Cost estimates will be prepared by the cost Estimates Committee to be constituted by the Director of the lab/Establishments. With technical experts and representatives of CDA (R&D)/Associate Finance as members. Pricing will be based on guidelines issued periodically by Chief Advisor (Technologies) in consultation with Integrated Finance.
  - (d) In contract execution, the Director of the Lab/Establishments will constitute a TPC with a CDA (R&D) rep for purchase of materials/components etc and for fabrication/development contracts.
6. Processing and Execution of Contracts above Rs.50 Lakh.
- (a) DIITM is hereby authorized to quote, negotiate and conclude individual contracts above Rs.50 Lakh.
  - (b) Cost Estimates will be prepared by the Cost Estimates Committee to be constituted by the Director of Lab/Establishments. with technical experts and representatives of CDA (R&D)/Integrated Finance as members.
  - (c) A Negotiating Committee, limited to a maximum of 3 members, will be constituted by Chief Adviser (Technology) which will include Director of the concerned lab and Addl. FA/Director (Fin/R&D) as members.
  - (d) Pricing will be finalized by Chief Adviser (Technology)/OIC, DIITM in consultation with Integrated Finance.
  - (e) In contract execution, DIITM will constitute a TPC with a rep each from the Integrated Finance and DIITM for purchase of materials/development contracts.
7. Instructions on Payments and Receipts
- (a) Payments will be received through crossed cheques/drafts in favour of CDA (R&D) and deposited in the Govt. Treasury through MROs.
  - (b) Each Project will be assigned a job/contract No. by the lab/Establishments and the same will be intimated to Pay Office while forwarding the MRO. While doing so, the lab/Establishments will also indicate the specific category code listed vide CGDA Letter No. A/19084/XVI dated 18.03.1993 to be operated for the transaction. Based on these particulars, receipts/payments will be booked to the appropriate RDR code head by the pay office.
  - (c) All receipts for Deposit Works, including resource generation activities, shall be deposited in the indentified RDR account and not in Public Fund account of the lab/Establishments. Practice followed in some Lab(s)/Establishments (s) shall be transferred to relevant RDR heads after debiting all expenditures towards the activity.
  - (d) Expenditure associated with the Resource Generation will be met from credits available in the RDR account. Efforts should be made during negotiation to ensure suitable down payment followed by stage payments depending on the merits of the case. Only in rare cases where jobs have to be taken up prior

to receiving of money or credit is not available RDR, cases should be referred to DIITM for assistance and resolution.

- (e) Stores from inventory holdings of Lab/Establishments used in Resource Generation will be accounted by issue of priced vouchers based on the last purchase price duly vetted by the Accounts Office.
- (f) Labs/Establishments having Cash Assignment are authorized to use this facility for making advance payments for Fabrication/Development contracts and also for cash purchase. Any payment made by the Lab/Establishments authorities out of cash assignment for resource generation activities should be distinctly shown in the monthly assignment account which submitting such accounts to pay Office for proper and correct accounting of transaction.
- (g) Labs/Establishments not having Cash Assignment will approach CDA (R&D)/sub-offices of CDA (R&D) who will ensure immediate payments and debit the expenditure to the appropriate RDR account for subsequent adjustment/settlement.
- (h) The Labs/Establishments will furnish Receipt and expenditure statement of job/contract completed during the financial year to their pay office who after vetting the same will submit it to the concerned CDA (R&D). CDA (R&D) will intimate to the DIITM & Chief of Resources the balance amount pertaining to completed projects/contracts available in RDR heads by end of May of the subsequent financial year.
- (i) Payments arising from export activities will be obtained in advance or on the basis of mutually agreed down payment followed by stage payments depending on the merits of the case. Payments shall be accepted in the form of Banker's cheques drawn in favour of State Bank of India. It should be ensured that adequate balance of funds remain with DRDO to carry out the export obligations.
- (j) The RDR account will be subject to post audit. Labs/Establishments shall maintain necessary documentation in this regard.

## 8. Exports

Resource generation through export of products and services will continue to be undertaken by DIITM in accordance with orders issued by the Government. These transactions will be carried out with the approval of Chief Adviser (Technologies).

## 9. Financial Powers of Directors of Labs/Establishments in respect of Resource Generation.

Financial powers listed in Appendix 'A' to this letter are hereby delegated to Directors of Labs/Establishments for sanctioning expenditure from the RDR account. Any relaxation of the specified ceiling would be authorized by DIITM in consultation with Integrated Finance.

10. General Instructions:

- (a) For products or services with multiple customer potential needing coordination at a national level, Chief Adviser (Technologies) is authorized to nominate the PNC/TPC contract execution.
- (b) Coordination and supply of cold weather clothing and related activities with the RDR head 22/017/05 and COMPROC with RDR head 23/017/05 will form part of Resource Generation activities.
- (c) Technology transfer schemes to public and private sector entities for spin-off benefits to the non-defence sector will also be covered under Resource Generation. Guidelines for TOT fee/royalty will be issued separately DIITM in consultation with Integrated Finance (R&D).

11. This issues with the concurrence of Finance Branch vide their UO No.2869/D(IF/R&D) dated 17.11.95.

Yours faithfully

Sd/-

(S. L. Tripathi)

Under Secretary to Govt. of India

Ink signed copies to:

CDA (R&D)  
"L" Block  
New Delhi

CDA (R&D)  
C.V. Raman Nagar  
Opp. LRDE, Bangalore

Copy To:

DGADS  
15/L-II  
New Delhi

Chief Adviser (Tech)

Chief Controllers (R&D)

CGDA  
West Block  
R.K. Puram  
New Delhi

Chief of Resources

Jt. Director (Fin. & Accts), DBFA

Addl. FA (R)  
'B' Wing, Sena Bhavan  
New Delhi

Officer-in-Charge, DIITM

Directors at R&D HQ

Director Finance (R&D)

Directors Labs/Establishments

All sub-offices of CDA (R&D)

To the letter No. DBFA/FA/10/6108/D (R&D)  
Dated 23<sup>rd</sup> Nov. 1995

## Delegation of financial powers to sanction expenditure:

Sl. No.	Item	Power of the Lab Director
1.	Purchase of Materials/Equipment (On recommendation of TPC)	
	Open/Limited Tender	Rs.40 Lakh but not exceeding 80% of the order value
	Single Tender/Proprietary	Rs.10 Lakh
2.	Fabrication/Development Contracts (On recommendation of TPC)	Rs.40 Lakh but not exceeding 80% of the order value
3.	Consultancy Contracts	Rs.5 Lakh
4.	Payment of Advance To Govt. Agencies	90%
	To Private Agencies (with Bank Guarantee)	50%
5.	Cash Purchase	Rs.10,000/- per transaction
6.	Honorarium to Employees	Rs.1,000/- in each case
7.	Office Equipment & Stationery	Full Powers
8.	Audiovisual items, printing brochures, entertainment, presents, mementos, etc. required for market promotion (in consultation with DIITM)	Full Powers
9.	Items of furniture, crockery & cutlery etc.	Full Powers
10.	Taxes and Duties, Insurance Stamps, Legal Charges	Full Powers
11.	Hiring of Civil Transport	Full Powers
12.	Travel of Personnel	Full Powers
13.	Transports of Goods	Full Powers
14.	Overtime payment	Full Powers
15.	Medical Charges	Full Powers

- |     |                             |             |
|-----|-----------------------------|-------------|
| 16. | Hiring of Contract Manpower | Full Powers |
| 17. | Minor Civil Works           | Full Powers |

Note: Wherever full powers have been indicated, expenditure shall be restricted to the amount catered for in the contracted value of the job order and provided that funds are available.

### REGISTER OF ORDERS

Sl. No.	Name of Agency	Contract No. and Date	Job No.	Details of Work	Estimated Cost	Advance recd	PDC	Actual date of completion	Final cost of completion	Balance of funds	Remarks
1	2	3	4	5	6	7	8	9	10	11	12

### MRO REGISTER

Sl. No.	Cheque/ Draft No. and Date	Bank on which drawn	Party from which received	Job/Contract No. against which amount received	TR No. and Date	Letter No. and Date under which forwarded to JCDA (R&D)/AO	Letter No. and Date of JCDA (R&D)/AO under which TR acknowledged	Remarks
1	2	3	4	5	6	7	8	9

QUARTERLY STATEMENT OF EXPENDITURE

CONTRACT No. \_\_\_\_\_

JOB No. \_\_\_\_\_

TOTAL FUNDS AVAILABLE \_\_\_\_\_

DRDO (Budget Heads)	Previous Qtrs. expenditure	Current Qtrs. Expenditure	Total Expenditure	Balance (Sanction – Total expenditure)
<p>PAY OF SERVICE PERSONNEL</p> <ol style="list-style-type: none"> <li>1. Officers</li> <li>2. Other Ranks</li> <li>3. Non-Combatants (Enrolled)</li> </ol> <p>PAY OF CIVILIANS</p> <ol style="list-style-type: none"> <li>1. Officers</li> <li>2. Others</li> <li>3. Industrial Establishments.</li> </ol> <p>MISCELLANEOUS EXPENSES</p> <p>TRANSPORTATION</p> <ol style="list-style-type: none"> <li>1. Move of personnel other than International travels.</li> <li>2. Movement of Stores</li> <li>3. Move of personnel International travels</li> </ol> <p>PURCHASE OF MATERIAL EXPENDITURE ON WORKS CAPITAL WORKS</p>				
TOTAL				

TYPED VERSION

Ministry of Defence  
Department of Defence R & D  
Office of Chief Controller Res. & Dev.  
Sena Bhavan, 'B' Wing,  
New Delhi - 110011

No.DIITM/02/2003/M/03

29 May 2003

To

All Lab Directors

Operation of Activities under the RDR

For the last 9 years DRDO laboratories have been actively experimenting with several Resources Generation Programmes with a view to deriving enhanced utilization of facilities and equipment, gainful utilization of skilled manpower and taking available the technical expertise resident in most of our laboratories to the civil sector operated under letters NO.DP&RM/RG/6100/RD(Budget)92/21/D(R&D) dated 1<sup>st</sup> Jan 1993 and No. DBFA/FA/10/6108/R&D dated 23 Nov 1995.

2. As augmentation of resources or making profits is not the prime objective of the programme, henceforth all activities of the resources generation would be called as '**Activities under RDR**'. These will include all transfers of technologies to the trade and supply of products and consultancy to the non MOD sector and also providing testing facilities of entities other than DRDO laboratories. Centre for Technology Extension and Cooperation(DIITM) remains as the nodal agency for facilitating the DRDO laboratories in this regard and also for providing HQ cover and compiling financial data from the labs/CDAs.
3. For a couple of years now a number of laboratories have been taking up work relating with limited series Production(LSP) and development-cum-production orders under the RDR both from the services as well as from Defence PSUs with direct payment coming from these entities. However this does not get reflected adequately at appropriate levels as an output from DRDO. Neither are the financial controls being exercised adequately. It has therefore been decided by SA TO RM that henceforth all the work package, for which finances are not made available from the DRDO. Budget through DBFA&A will be informed to DIITM,DRDO HQ on receipt of the enquiry. The laboratory will move the cases through their Technical Directorates to DIITM for enabling order execution from the commercial angle. Each case will state clearly the following.
  - (a) Costing details as cleared by the Lab in association with their CDA office.
  - (b) Time schedule commitment sought by the client and as recommended by the LAB.

- (c) Utilisation of resources including manpower from within the laboratories. The costing of these resources should find reflection in the costing detail at sub Para (a) above.
  - (d) Mode of execution i.e. through industry partners to whom transfer of technology been effected or through trade.
  - (e) Requirement of FE component within the overall cost is to be reflected separately and whether this will be met by the client or internally by DRDO.
4. DIITM will vet the costing and arrive at the pricing in consultation with IF(R&D), CCR&D(R) and the concerned CCR&D will be consulted on file before the Lab is cleared to communicate the prices to the client and accept the job. This will be done within a week of the receipt of the case from the Lab.
  5. Once the money is received through a draft /transfer from the Service Head to the RDR Head of DRDO by CDA(R&D), a job number under 'Activities under RDR' will be assigned by the Lab. Intimation of receipt of money by CDA's office and consequent start of activities will be sent to DIITM and the respective Technical Directorates.
  6. For negotiation with the client for job over Rs.50 lakh and for execution of the jobs thereafter the PNC/TPC will be constituted as per the Govt. letter No. DBFA/FA/10/6108/D(R&D) dated 23 Nov 1995.
  7. The progress of each 'Job' will be communicated by the Lab to its Technical Director and Dir, DIITM on half yearly /quarterly basis dependent upon the job delivery schedule.
  8. On completion of the job, DIITM will compile the financial statement including the unspent balance from data received from the Lab duly vetted by the associated CDA. This will be put up to SA to RM/CCR&D and Addl FA for top-level management information and decisions required, if any, before accepting the final closure of Job.

Sd/-  
(Tej Paul)  
Lt Gen  
CCR&D(R)

Copy to:

Addl FA(S)  
All Technical Directors.(HQ)  
Director (Finance)/R&D  
DBF&A  
DS(R&D)  
DIITM  
CDA (R&D), New Delhi  
CDA (R&D), Bangalore  
CDA (R&D), Hyderabad



With a request to accept bills relating to execution of work packages in consonance with the procedure clarified in this letter.

TYPED VERSION

No.9(9)/2005/D(R&D)  
Government of India  
Ministry of Defence  
Department of Defence (R&D)  
New Delhi, the 28<sup>th</sup> July 2005

To  
(As per list enclosed)

Sub: - Procedure to be followed in the Ministry of Defence for funding of Limited Series Production Order (LSPs)/Projects ordered by Services upon Defence Research & Development Organisation (DRDO) Laboratories.

Sir,

With a view to monitoring expenditure and ensuring that the linkages between financial outlays and physical outcomes is well formulated for efficient implementation of projects, it has been decided to streamline the procedure for funding of order /projects entrusted to DRDO Laboratories by Service HQ (both research and development projects as well as for LSPs/ supply of goods and services by DRDO). This procedure shall be applicable for payments from Revenue as well as Capital heads by the Service HQ. It is expected that the procedure will ensure that the resource are made available in time by service HQ to enable DRDO Laboratories to smoothly implement such projects.

2. Any project to be undertaken by the DRDO laboratory for supply of goods and services as detailed at Para 1 above, Service HQ will issue appropriate sanction after approval of their Competent Financial Authority (CFA). The sanction will be based on 'Detailed Project Report (DPR)' prepared by DRDO at the initiation stage and shall inter-alia contain cost estimates and other necessary details such as schedules of release of payments linked clearly to achievement of well defined milestones in consultation with their integrated finance. This DPR shall also specify the mutually agreed milestone about the scope of work to be completed. The project sanction order will clearly indicate total cost of the project, time frame of the project and other necessary details like head of account to which expenditure is to be booked etc. the sanction will authorise respective Principal Controller of Defence Accounts (R&D) (PCDA)/ Controller of Defence Accounts (R&D) (CDA) to book expenditure directly to the relevant heads of accounts of the concerned services. This booking of expenditure shall be restricted to budget allocations made by the Services HQ for the project during respective financial year.

3. While DRDO Labs will have authority to commit expenditure within the approved sanctioned cost as amended from time to time, the expenditure to be booked will be restricted to budget allocations made by the Services HQ for the project in each of the respective financial year. While issuing the sanction, fund availability for the first financial year will be simultaneously indicate in the sanction order.

4. The DRDO laboratories will commence orders/projects entrusted to tem by DRDO HQ only after appropriate sanction for project has been issued by Service HQ. The responsible DRDO Laboratories will send quarterly report on the progress of each project, to DRDO HQ and to the respective Service HQ especially with reference to financial allotments made by them. Actual progress against each agreed physical milestones

linked to time frame will also be reflected in these quarterly reports. A copy of the report shall also be forwarded to the concerned Directorate/Budget Centres or any other agency nominated by the Service HQ to monitor the project.

5. The actual cost of the project is likely to exceed the amount approved by the DRDO to Service HQ, the revised cost estimates will be projected by the DRDO to Service HQ along with detailed justification after due vetting by their Integrated Finance. Service HQ will then issue suitable amendment to the original sanction letter after seeking approval from their CFA based on clarification/justification given by DRDO and allocate the additional amount for the project.

6. In case the project cost is likely to be less than the initial estimated cost, the expenditure booked will be restricted to the actual cost.

7. At the time of preparation of RE/BE each year, DRDO HQ will project the total fund requirements for the projects being executed by the DRDO Laboratories, for which funds are provided by Service HQ. These projections along with details of the projects will be made available by DRDO to service HQ, so that for all the ongoing projects funds requirements are included in the committed liabilities. Service HQ will ensure that adequate funds are allocated for each of these projects and allocation letters sent to DRDO Labs and PCDA/CDA(R&D) in the beginning of the financial year.

9. As soon as the project is completed by DRDO labs, they should intimate the total expenditure on project after due reconciliation duly vetted by respective PCDA/CDA(R&D). They shall also intimate achievements against agreed milestones to the respective Service HQ.

10. The procedure as prescribed above will be followed for all the projects entrusted to DRDO HQ, which are sanctioned henceforth for execution by DRDO establishments. There will be no change in procedure at present for existing ongoing projects, where substantial funds have already been transferred by Service HQ to DRDO. These will continue to follow the existing practices till further instructions are issued for reviewing specific projects on case to case basis.

11. This Memorandum is issued with the concurrence of MOD-Finance(R&D) vide their ID No. 1207/Dir. Fin(R&D) dated 28<sup>th</sup> July 2005

Yours faithfully

Sd/-  
(S K Deb)

Under Secretary to the Government of India

## Chapter – 14

### ORGANIZATION AND METHODS (O&M) GROUP

14.1. **Objectives:** The Objective of O&M is to ensure rational Organisation by keeping in view span of controls and scalar process to assess the requirement of staff on scientific basis through methods of study and standard norms in the areas allotted by the CGDA and to review the same through periodical systematic review. It also aims to achieve continual improvement in working of the organisation and to make it more efficient and effective in its sphere of work.

14.2. **Functions:** The following areas of work are dealt with in O&M Cell:

- a. Preparation of Job description Sheet (JDS) for various sections in the organisation, their periodic updation as well as finalisation of JDS for new areas of work introduced in the organisation.
- b. Rationalisation of work procedure by removing redundant activities and identifying areas for automation of work.
- c. Standardisation of formats for various activities, reports, application etc. Checklists for various scrutiny/audit activities for processing of bills will also be prepared, circulated and updated.
- d. Review of the Office Manual and other manuals of the organisation periodically, at least, once in three years.
- e. Issue of correction slips, corrigendum for the Office manuals with approval of the CDA/PCDA.
- f. Establishment and maintenance of a procedure in the organisation to receive suggestions from the various stakeholders for improvement in the work procedures.
- g. Re-Organisation of office layout for quicker flow of work and diminution of avoidable movement of documents and records.
- h. Periodical realistic assessment of work load in each section facilitating for optimum utilization of manpower and identifying surplus manpower in the Sections. A study in this regard will be conducted at least once in three years.
- i. Coordination of the work of inspection to be carried out by a team of CGDA and follow up action of the report sent by the CGDA office. For this purpose, necessary liaison will be maintained with other Sections/Sub Office to obtain replies regarding rectification of the omissions/lapses pointed out and the consolidated progress reports will be furnished to the CGDA for finalization of the observations. Status of the pending points out of CGDA Inspection report will be reflected in Monthly Progress Report sent to the HQ office by the R&D Controllers.

14.3. **Inspection Group:** This group will be part of O&M Cell only and it will be directly responsible to JCDA/CDA/PCDA. Inspection is a system of internal control through appraisal conducted for specific objectives. Such an appraisal serves as an aid to proper planning and control. This group will conduct inspection of various sections in the Main Office once a year and also of Sub Offices according to the directions given by the PCDA/CDA as per Inspection Drill circulated by HQ Office vide their letter No. CGDA/13125/INSP-III/R&D Orgn. dated 10.01.2013. Controllers may also conduct personal inspection, on a random sampling basis, of the sections of their Main Office and of their Sub-Offices during tours. The Inspection Group will generally be guided by the Inspection Manual/Drill.

14.3.1. **Objectives:** The objectives of Inspection are:

- a. To enable the CDA/PCDA to ensure that the ultimate responsibility with efficiency and effectiveness of his own office as well as sub-offices under his area, is adequately discharged.
- b. To check that the prescribed processes of audit and accounting are being followed correctly and efficiently.
- c. To ensure that suitable remedial measures are taken to avoid recurrence of omissions/lapses pointed out.
- d. To see that there is no lacuna in the systems and procedures existing in a particular section/sub-office.
- e. To suggest changes in procedures to address lapses in the procedures and also to introduce new procedures as and when felt necessary.

14.3.2. **Functions of the Inspection Group**

- a. To carry out periodical inspection of various sections in Main Office and sub offices under their jurisdiction and issue inspection reports to the concerned sections/sub offices duly approved by PCDA/CDA.
- b. To monitor follow up action to watch the rectification of omissions/lapses pointed out in the Inspection Report to ensure that suitable remedial action is taken by sections/sub offices to avoid recurrence of similar lapse in future.
- c. To keep a record of Inspection of Sections/Sub Offices carried out.
- d. To render a half yearly report by 30<sup>th</sup> of April and 31<sup>st</sup> of October to the CGDA regarding details of Inspections carried out upto the end of half year ending March and September. Report is sent along with all serious objections noticed and the remedial action suggested i.e. issue of a circular letter highlighting serious objections and necessary guidelines to avoid recurrence thereof.

14.4. **Inspection Programme:** The Inspection Group will prepare a tentative programme for Annual Inspection of all the Sections in Main Office/Sub Offices for each financial year by April for approval of PCDA/CDA. The programme will be prepared so as to ensure the inspection of all the sections/sub offices during the period stipulated by the CDA/PCDA.

14.5. **Preparation and Disposal of Inspection Reports**

- a. The points arising out of Inspection should first be discussed by the AAO/Officer-in-Charge of the Section/Sub-Office concerned. Subsequently, the points may be discussed with the Officer-in-Charge/Group Officer. Omissions/lapses noticed which cannot be settled at this level or items for which action is pending with the sections/sub offices, will be incorporated in the Inspection Report for submission to PCDA/CDA.

- b. The report will be prepared in two parts. Part-I will comprise of all major irregularities from the view of audit and accounting, whereas Part-II will include minor mistakes coming to notice or other irregularities where no serious disregard or violation of rules or procedures is involved.
- c. The Inspection Reports should be clear and precise and according to the Inspection Drill circulated by the HQ Office. The report should, as far as possible, refer to the relevant rules or orders violated.
- d. The report can render suggestions for improvement in working of the Section/sub office.
- e. A summary of all important omissions/lapses and recurring mistakes noticed will also be prepared and highlighted in the forwarding memo of the Inspection Report to enable the CDA/PCDA to have a correct appreciation of the overall situation and efficiency of the work of the concerned Sections/Sub-Offices.
- f. Three copies of the Inspection Report, after approval by the PCDA/CDA, will be prepared and issued in the following manner:
  - i. Two copies will be sent to the In-Charge of Sub-offices inspected, within 15 days of completion of the Inspection.
  - ii. One copy will be kept with Inspection Group as Office Copy.
- g. The Section/Sub-Offices concerned will furnish replies within one month of receipt of the Inspection Report.
- h. O&M Section will circulate common lapses/shortcomings observed during inspection (s) to all sub-offices to initiate necessary preventive action.

14.6. **Review and Monitoring:** A record of inspection of sections/sub-offices carried out is kept by the Inspection Group. Follow up action to watch the corrective measures of lapses pointed out in the Inspection Reports is taken to ensure that suitable remedial action is taken by Sections/Sub-Offices to avoid recurrence of similar lapses in future. For this purpose, necessary liaison will be maintained with other Sections/Sub-Offices to obtain replies regarding rectification of the omissions/Lapses pointed out.

### **TRAINING INFRASTRUCTURE**

14.7. Training Cell may be part of O&M Cell or function separately depending on the assessment of need for training in the organisation. This cell is responsible for implementation of DAD Training Policy 2013 in the organisation.

14.8. Training to officers & staff of Main Office as well as sub offices is imparted through Departmental Training Institutes viz. CENTRAD, Delhi Cantt., NADFM, Pune, Regional Training Centres and Officers Training Institute, Gurgaon. In addition, In house job training on functioning of R&D Controllers, office automation and refresher courses on various topics are to be conducted in the main office of PCDA/CDA (R&D) Offices, to

enhance the working capabilities of the staff. Broadly, the following type of training and development activities are conducted:

- a. Induction Programme(s) for newly recruited clerks/auditors;
- b. Orientation Programme(s) for the clerks/auditors/senior auditors on the verge of promotion;
- c. In-service training programmes both internal as well external as per organisational needs.
- d. Courses to update skill sets required in the organisation.
- e. EDP/IT Courses/Office Automation/Database Management/ Data Security.
- f. Special work related courses.
- g. Pre-examination training courses.
- h. Workshops and
- i. Seminars.

14.9. **Annual Training Calendar:** On the basis of the DAD Training Policy 2013 and assessment of the need for training in the Organisation, annual training calendar will be prepared by the end of December every year for next financial year and be got approved by the CDA/PCDA by the end of January. The training calendar will be sent to HQ office for final approval. It will be ensured that the training calendar will be implemented from April each year. The training calendar will have provision for training to SAS Apprentices as well as participants of SAS Examination.

14.10. **Implementation of the Annual Training Calendar:** To ensure proper implementation, Monthly training calendar will be submitted to the CDA/PCDA for nomination of faculty and participants in the following month. Finalisation of these aspects should be ensured by the 15<sup>th</sup> of the preceding month. The same will be intimated to all concerned immediately.

14.11. **Feedback of training:** The cell will collect feedback from the participants about the usage of the training as well as from the faculty on the course curriculum as well as participation by the employees. Both need to be submitted to the CDA/PCDA with the training completion report within one week of a training course.

14.12. **Nomination of participants for outside training:** The training cell will ensure nomination of participants from the R&D Organisation for the training courses conducted by various RTCs, OTI Gurgaon, NADFM, Pune or any other training institutes as approved by the competent authority. The process should be completed in time to allow sufficient time to the participant to make necessary travel arrangements as well as to the superior officers of participants to ensure smooth working in organisation.

14.13. **Controller's Training Conference (CTC):** The Training Cell will initiate the process for organizing CTC on quarterly basis. Minutes of the meeting will be circulated within one week of the conference. Follow up with the concerned Group Officers, In Charge of sub-offices, and other officials will be done to ensure implementation of the decisions of the CTC. Agenda Note for the meeting will be prepared and submitted to the CDA/PCDA for approval at least 15 days prior to the meeting so that the same may be circulated to all concerned in advance.

14.14. **Regional Advisory Conference:** The Section will also process the papers for meeting of Regional Advisory Conferences to be conducted. The decisions agreed by the CDA/PCDA in the meeting should be implemented in the organisation and the same will be monitored by the Training Cell.

14.15 O&M Cell will maintain the registers in the Section as given in Annexure 'A' to this chapter. Further, list of reports and returns is given in Annexure 'B' to this chapter which is to be rendered to respective authorities by the Section. The lists are illustrative and any item may be added as per the requirements/instructions of the higher management.

**Annexure 'A'****LIST OF REGISTERS - ORGANIZATION AND METHODS (O&M) SECTION**

1.	Attendance Register
2.	Leave Register
3.	Register of Registers
4.	Register of Files
5.	Progress of Inspection Register
6.	Annual Inspection Plan Register
7.	Cash Book Inspection Register
8.	Instruction Order Register

**Annexure 'B'****List of Reports & Returns - O&M Cell**

<b>Sl. No.</b>	<b>Nature of Report &amp; Returns</b>	<b>Periodicity</b>	<b>Due Date</b>	<b>To whom sent</b>
1.	Weekly Reports	Weekly	Last working day of week	O&M Section
2.	Monthly Progress Report	Quarterly	5 <sup>th</sup> of the following Month	AN – I
3.	Monthly leave Statement.	Half Yearly	5 <sup>th</sup> of the following Month	AN – I
4.	Quarterly Hindi Report	Yearly	5 <sup>th</sup> of the following Month	Hindi cell

## Abbreviations

AAC	Annual Audit Certificate
AAO	Assistant Accounts Officer
ACDA	Assistant Controller of Defence Accounts
Addl. CDA	Additional Controller of Defence Accounts
AMA	Authorized Medical Attendant
AMC	Annual Maintenance Contract
AN	Administration
AO	Accounts Officer
APR	Audit Progress Register
AROB	Annual Review of Balances
ATG	Annual Training Grant
B/E	Bill of Entry
B/L	Bill of Lading
BER	Beyond Economic Repair
BSO	Barrack Stores Officer
CAG	Comptroller and Auditor General
CSR	Central Services Regulations
CAPS	Contracts for Acquisition of Professional Services
CARS	Contracts for Acquisition of Research Services
CAS	Central Accounting Section
CAT	Central Administrative Tribunal
CCL	Child Care Leave
CCO-9	Credit Compilation Order
CCR&D	Chief Controller Research & Development
CDA	Controller of Defence Accounts
CDEC	Custom Duty Exemption Certificate
CEA	Children Education Allowance
CEP	Continued Education Programmes
CFA	Competent Financial Authority
CGDA	Controller General of Defence Accounts
CGEIS	Central Government Employees Insurance Scheme
CGHS	Central Government Health Scheme
CHB	Classification Hand Book
CIF	Cost, Insurance and Freight
CIP	Carriage and Insurance Paid to
CMO	Chief Medical Officer
CMP	Cash Management Product
CP Vouchers	Central Purchase Vouchers
CPC	Central Pay Commission

CRA	Central Recordkeeping Agency
CRV	Certified Receipt Vouchers
CSF	Contribution submission form
CS (MA)	Central Services (Medical Attendance)
CST	Comparative Statement of Tenders
CTE	Chief Technical Examiner
CVC	Central Vigilance Commission
D.P. Sheet	Daily Payment Sheet
DA	Dearness Allowance
DAVP	Directorate of Audio-Visual Publicity
DBF&A	Directorate of Budget Finance & Accounts
DBT	Direct Bank Transfer
DC	Delivery Challan
DCDA	Deputy Controller of Defence Accounts
DCRG	Death cum Retirement Gratuity
DDO	Direct Demanding Officer
DDP	Distributed Data Processing
DDR&D	Department of Defence Research & Development
DEO	Data Entry Operator
DG R&D	Director General Research & Development
DGS&D	Director General Supply & Disposal
DHR	Debt Head Register
DID	Defence Inter Departmental Schedule
DIITM	Directorate of Industry Interface & Technology Management
DLIS	Defence Logistics Information Service
DO Part II	Daily order Part II
DOP&T	Department of Personnel & Training
DPC	Departmental Promotion Committee
DR	Demand Register
DRDO	Defence Research & Development Organization
DRDS	Defence Research and Development Service
DRTC	Defence Research Technical Cadre
DV	Disbursement Voucher
ECS	Electronic Clearing Service
EDEC	Export Duty Exemption Certificate
EDP	Electronic Data Processing
EL	Earned Leave
EMD	Earnest Money Deposit
EOL	Extra Ordinary Leave

EPC	Equipment Procurement Committee
FA (DS)	Financial Advisor (Defence Services)
FBE	Forecast Budget Estimates
FCA	Free Carrier
FE	Foreign Exchange
FIFO	First In First Out
FOB	Free on Board
FP	Finally Paid
FPB	Focal Point Branch
FPU	File Preparation Unit
FOR	Free on Rail
FR	Financial Regulations
FS	Final Settlement
FVU	File validation utility
FW	Final Withdrawal
GFR	General Financial Rules
GE	Garrison Engineer
GO	Group Officer
GPF	General Provident Fund
GP	Grade Pay
HBA	House Building Advance
HOD	Head of Department
HPL	Half Pay Leave
HRA	House Rent Allowance
I&M Grant	Incidental & Miscellaneous Grant
IAR	Internal Audit Report
IAFZ	Indian Army Form Z
IDAS	Indian Defence Accounts Service
IFA	Integrated Financial Advisor
IFS Code	Indian Financial System Code
ISA	Inter Service Adjustment
JAG	Junior Administrative Grade
JCDA	Joint Controller of Defence Accounts
JRF	Junior Research Fellow
LD	Liquidated Damages
LACR	Local Audit Completion Report
LAO	Local Audit Officer
LAP	Local Audit Programme
LC	Letter of Credit
LCH	Locally Controlled Heads
LF	License Fee

LIBOR	London Inter Bank Offer Rate
LPC	Last Pay Certificate
LP	Local Purchase
LPO	Last Purchase Order
LSP	Limited Series Production
LTC	Leave Travel Concession
LTE	Limited Tender Enquiry
MBR	Mortgage Bond Register
MCA	Motor Cars Advance
MEA	Ministry of External Affairs
MES	Military Engineers Service
MFAI	Major Financial & Accounting Irregularities
MICR code	Magnetic ink character recognition code
MMG	Materials Management Group
MOD	Ministry of Defence
MOU	Memorandum of Understanding
MRO	Military Receivables Order
MT	Mechanised Transport
MTS	Multi Tasking Staff
NFSG	Non Functional Selection Grade
NECS	National Electronic Clearing Service
NEFT	National Electronic Funds Transfer
NID	Next increment due
NPC	Non-Payment Certificate
NPSCAN	NPS Computerised Accounting Network
NPS	National Pension Scheme
NSIC	National Small Industries Corporation
O&M	Organization & Methods
OA	Office Automation
OC	Office Contingency
OEM	Original Equipment Manufacturer
OGL	Open General License
OM	Office Manual
OPD	Out Patient Department
OTE	Open Tender Enquiry
P/B/M	Project/Build-up/Maintenance
PAC	Proprietary Article Certificate
PAO	Pay & Accounts Office
PBG	Performance Bank Guarantee
PCA	Personal Computer Advance
PCDA	Principal Controller of Defence Accounts

PDC	Probable Date of Completion
PFRDA	Pension Fund Regulatory & Development Authority
PLI	Postal Life Insurance
PM 2006	Purchase Management 2006
PM	Punching Medium
PRAN	Permanent Retirement Account Number
R&D	Research & Development
RAO	Residential Accounts Officer
RAC	Recruitment and Assessment Centre
RBI	Reserve Bank of India
RDR	Revenue, Debt and Remittance
RFP	Request for Proposal
RG	Resource Generation
RGP	Reserve Guiding Price
RIN	Receipt and Inspection Note
RMES	Regulations for MES
RRM	Raksha Rajya Mantri
RTGS	Real Time Gross Settlement
SAO	Senior Accounts Officer
SA to RM	Scientific Advisor to Raksha Mantri
SBI	State Bank of India
SCF	Subscriber's Contribution Form
SCR	Schedule Control Register
SDF	Secretary Defence Finance
SIR	Store Inward Register
S/L/O/P	Single/Limited/Open/Proprietary
SLP	Special Leave Petition
SO	Supply Order
SOP	Standard Operating Procedure
SPC	Stores Purchase Committee
SRF	Senior Research Fellow
STE	Single Tender Enquiry
TA	Traveling Allowance
TDS	Tax Deductible at source
TEC	Technical Evaluation Committee
TE	Transfer Entry
ToT	Transfer of Technology
TPC	Tender Purchase Committee
TR	Treasury Receipt
TT	Telegraphic Transfer
UPSC	Union Public Service Commission

