



कार्यालय रक्षा लेखा प्रधान नियंत्रक (मध्य कमान), करियप्पा मार्ग लखनऊ छावनी-226002  
**Office of the Principal Controller of Defence Accounts (Central Command कार्यालय ) Cariappa Road,Lucknow Cantt. -226002**  
कार्यालय दूरभाष सं.0522-2451547 कार्यालय फैक्स सं. 0522-2451993  
**Office Phone NO. 0522-2451547 Office Fax NO. 0522-2451993**



No-IA/1263/AAC/2017-18

Dt-09.05.2018

To,

The Officer-in charge  
All LAOs/ALAOs/RAOs  
All AOGEs/AAOGEs/AAO BSOs  
All PAOs/Ors Cell/E-Section/M-Section/Store Contract Section (Local)

**Sub : Annual Audit Certificate 2017-18.**

Annual Audit Certificate 2017-18 for the year 2017-18 complete in all respect is required to be rendered to the HQ Office on or before-03.07.2018.

As such, the CGDA's Annual Audit Certificate 2017-18 is required to be finalized and rendered to the Ministry of Defence (Finance).Therefore the Annual Audit Certificate 2017-18 from all sub offices with all the Annexure/statement items showing there in the position as on 31.05.2018 should reach to this office complete in all respect, on or before 04.06.2018 (*soft copy through mail id pcdaia2014@gmail.com*) .It may please be ensured that there are no discrepancies in any of the Annexure/statement items and that the AAC report is error free.

In this regard,it has been noticed that in spite of instructions on the subject for timely error free submission of report to this office the same are not adhered to and the AAC report from various sub offices is not submitted to this office well in time and without all Annexure/statement duly filled there in.

In this connection,a copy of CGDA important circular No-AT/XII/12016/ATR/Vol-XXVI dated-04.04.2018 is uploaded on PCDA (CC) Lucknow website for guidance and strict compliance of the instructions contained there in while preparing the AAC report 2017-18.Any laxity in this regard will be viewed seriously.

It is further requested that all out efforts may please be made to pursue and persuade the executive authority to settle the outstanding cases/items on priority basis with special emphasis on vintage cases.

A special report showing action taken by your office on each Annexure/statement forming part of AAC report 2017-18 in the last one year for reduction in the outstanding reflected in the AAC report 2017-18 may also be rendered along with Annual Audit Certificate for the year 2017-18.

Please acknowledge receipt.

Encls -As above.

— Sd —  
Asstt CDA

Copy to-

✓ The officer -in-charge :For uploading the same on PCDA (CC) Lucknow website.

OA Cell (Local).

Accounts Officer

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10/4/2018  
A89141AC3  
10/4/18

Important Circular

No. AT/XII/12016/ATR/AAC/Vol-XXVI  
Office of the CGDA, Ulan Batar Road  
Palam, Delhi Cantr.-110010  
Dated: 04 April 2018

To,

Sh. Alok Chaturvedi, IDAS  
Pr. Controller of Defence Accounts  
O/o the Pr.CIDA (CC)  
Lucknow

**Subject: Annual Audit Certificate for the year 2017-18.**

- 149  
10.04.18
- For strict compliance.  
AC  
09/4
- ADD. CPA  
pls put  
up urgently  
and discuss  
with Sr. Secy  
of this letter.
- Re  
9/4  
GDA
- (i) Para 540 to 550 of Defence Audit Code as amended and Para 672 to 682 of O.M. Part-II Volume-I.
- (ii) Our circulars dated 19.8.72, 22.6.83, 24.7.86, 30.6.87/3.7.87, 22.5.98, 23.11.98, 23.12.99.
- (iii) Our circular no. AT/XII/12628/AAC/86-87 dated 18.1.88.
- (iv) Our D.O. letter no. AT/XII/12016/ATR/AAC/Vol-VII dated 7.9.92.
- (v) Our Most Important Circulars No. AT/XII/12016/ATR/AAC/Vol-XIII dated 30.10.2002 and 1.4.2003.
- (vi) Our Most Important Circulars No. AT/XII/12016/ATR/AAC/Vol-XIV dated 25.1.2005.
- (vii) Our Most Important Circulars No. AT/XII/12016/ATR/AAC/Vol-XVI dated 31.7.2006 and 14.8.2006; Most Important Circular no. AT/XII/12016/ATR/AAC/Volume-XVII dated 13.9.2007 and important circular no. AT/XII/12016 /ATR / AAC/Vol-XXV dated 07.04.2017

The CGDA's Annual Audit Certificate 2017-18 is required to be finalized and rendered to the Ministry of Defence (Finance). **Therefore, the AAC for the year 2017-18 from all PCsDA/CsDA/CIA (Fys.) should reach this office, complete in all respects, on or before 03.07.2018 without fail. It may please be ensured that there are no discrepancies in any of the Statements/Annexures items and that the AAC is error free.**

(W) 10/4/18

SAO (DA)

10/4

2. The Annual Audit Certificate pertaining to your organization for the year 2017-18 and the Annexure-I would be as prescribed vide this office Important circular no. AT/XII/12016/ATR/AAC/Volume-XIX dated 23.12.2011. All the other statements will continue to be rendered in the manner as was being done earlier.

3. Pr. Controllers/Controllers are requested to kindly ensure that the detailed instructions for preparation of the AAC and items to be included in various Annexures/Statements in support thereof, as also the criteria for inclusion of items in Annexures I to IV thereof contained in our Circulars referred to above in addition to the relevant provisions of Defence Audit Code, O.M. Part-II, Volume-I etc., are complied with while rendering their AACs. Any incomplete item/information/data included in their AAC would only result in back references, which is not desirable. Therefore, timely rendition of AAC complete in all respects must be ensured.

4. The following points are again highlighted as guidelines for Pr. Controllers/Controllers for preparation of Annual Audit Certificate of their organisation:

(a) While preparing Annexures-III and IV of the AAC, the following may please be kept in view:

(i) **Irregularities which have not already been included and projected, through the MFAI reports should not be included in Annexure III and IV to the AAC as far as possible.** It is, therefore, requested that the relevant MFAI item no. and quarter/year and IAR item no. /half-year of inclusion, may please be indicated in the relevant Annexure items proposed in the Pr. Controllers/Controllers AAC.

(ii) The narration furnished in respect of Annexure III and IV of AAC should be self contained and bring out clearly the irregularity, its seriousness and implications etc. Details should also include whether the subject matter is under correspondence with HQrs office in any connection & if so the reference number and date of HQrs Office communication and present position there for may be furnished. The response of the executive on the objection raised in audit should also be furnished.

(iii) Unsettled items of Internal Audit Report are also considered for inclusion in Annexure III and IV to the AAC. The precise write up of the same with latest action taken with the executive authorities for settlement may be furnished for incorporation in AAC 2017-18.

(iv) Items which have appeared in Annexure-III and IV of CGDA's Certificate of past years but are still unsettled may also be included in AAC. This information may please be mentioned in a separate statement in the format given in our Circular No. AT/XII/12016/ATR/AAC/Vol-XIII dated 30.10.2002

(b) It may kindly be ensured that the text, tenor and reservations in the AAC to be rendered by the PCsDA/CsDA are in strict conformity with the certificate rendered by the CGDA to the Ministry of Defence (Finance) and incorporated in the printed Appropriation Accounts (Defence Services) as Section-III.

(c) No item of irregularity, whose financial value is less than Rs. 5 Lakh, should normally be projected for inclusion in the AAC. If any irregularity below this value is projected due to its serious nature, Pr. Controllers/Controller should furnish sufficient justification for projecting such items. In this connection, a reference is also invited to para 523 of Defence Audit Code, Vol -II.

(d) While including items in Annexures-I, II, III and IV of your AAC, it is observed that at times the details furnished are vague and sketchy, as a result of which we are unable to appreciate the exact irregularity involved as also its dimension and seriousness. It is, therefore, necessary that the narration furnished for these items should be self-contained and clearly bring out the irregularity, its seriousness, size, period involved, financial effect, action taken to regularize, present position etc.

(e) The items projected for inclusion in Annexures I to IV should be included in appropriate annexures depending on the nature of irregularity involved and highlighted.

(f) As per the existing instructions on the subject, it is necessary to ensure, as far as possible, that the correctness of the data in respect of the items included in the AAC is got accepted by the Administrative authorities before they are included in the AAC. Pr. Controllers/Controllers are, therefore, requested to clearly indicate whether this has been done.

(g) The formats of Annexures/Statements circulated vide our circular dated 30.6.1987 should be used for rendition of AAC. All columns of these formats are to be completed and no

column should be left blank. In cases of "Nil" reports the same should be mentioned in clear terms as "Nil" instead of leaving the columns blank. **Annexures and Statements should be typed or computer-printed and submitted on uniform size paper. No handwritten material will be accepted.**

(h) The figures/break-up details of the statistical data contained in the supporting statements should add up to the overall summarized position indicated in the Pr. Controller's/Controller's AAC. **Page totals on each page of the statements may invariably be given. This should especially be got checked and reconciled before rendering the Pr. Controller's/Controller's AAC.**

(i) Instructions contained in para 3(ii) of our circular dated 19.8.1972 referred to above may kindly be kept in view while rendering statement no. 2 regarding Stock Verification. In the reservations regarding the discrepancies in Stock taking, the Pr. Controllers/Controllers should include results of stock verification in all the Store holding Depots/Establishments etc. (ASC, AOC, Medical, ESD's etc.) vide the concluding sub para 4 of our circular ibid. In this connection the following is also relevant.

The statement no. 2 regarding position of stock verification in Ordnance/Vehicle Depot etc during the year should not be nil. If there is no Depot in the audit jurisdiction of the particular PCDA/CDA, it should be indicated so. PCsDA/CsDA should look into this point carefully before rendering AAC.

(j) While furnishing the details of outstanding claims against carrying agencies in the statement 7-A, break-up details of these claims against Railways, Shipping companies, Airways etc., should also be given.

(k) For the items shown as outstanding in each of the statement, **a detailed note indicating the action to get the items cleared specifically for each item should be attached. If a case on an item is taken up with any authority, the communication number and date, and level at which the matter was taken up and the details of follow-up reminders should also be indicated in the note along with the response of the executive authorities.**

(l) As the Annual Audit Certificate should normally include items that are detected during the period covered by the AAC, inclusion of any old item should be supported by reason for non-inclusion in the earlier years and justification for inclusion now.

(m) All the Annexures/Statements in support of the AAC 2017-18 showing the position as on 30.6.2018 may please be sent in **duplicate, complete in all respects, along with the AAC.**

5. Attention is invited to our **Most Important Circular No. AT/XII/12016/ATR/AAC/Vol-XIII dated 30<sup>th</sup> October' 2002** wherein it was emphasized to include the outstanding position of advances against PSUs and Private Parties in the Appropriation Accounts in the prescribed format as given in the above mentioned letter. While rendering the AAC for the year 2017-18 this may please be kept in view.

The year-wise and contract-wise break-up of the outstanding amount separately for PSUs and Private Parties may also be provided, thoroughly checked and totaled. This should exactly tally with the amount of outstanding Advances shown. Each page must indicate the page total and Grand total at the end. The summary of the outstanding Advances against PSUs and Private Parties should also be given on the top sheet showing the oldest date.

**The details of the Outstanding Advances against PSUs and Private Parties for more than five years is also required to be rendered separately on the same format.** All the above information/statement should have a proper heading and presentation, which is clear and unambiguous.

6. Attention is also invited to this office Most Important Circular no. AT/XII/12016/ATR/AAC/Vol-XIII dated 1.4.2003, in which it was emphasized that no amendment/correction at the belated stage be made by the PCDA/CDA. **The figures and facts submitted in the Annual Audit Certificate must be thoroughly checked/rechecked before submission of the AAC.**

7. Attention is also invited to our Most Important Circular No. AT/XII/12016/ATR/AAC/Vol-XIV dated 25.1.2005 wherein it was requested to ensure uniform procedure while reflecting the outstanding in statements 4-ABC & 16-ABC of the AAC. Only the



remaining part of the voucher with its value, where credits for stores could not be verified, will be reflected as outstanding and not the whole voucher.

8. There will be no change in furnishing of the information through the existing statements 4-ABC & 16-ABC and Specification Certificates of Quality (SCsQ) which are to be submitted as hitherto fore. All the items reflected in statements 4-C, 16-C and SCsQ, may be furnished in the Performa prescribed separately, with the AAC for the year 2012-2013.

9. Please refer to this office Most Important Circular No. AT/XII/12016/ATR/AAC/Volume XVII dated 13.9.2007 wherein it was stressed that the factual position of the statements nos. 3 (Non-linking of Vouchers with Consignor's Issue Vouchers), 4-ABC & 16-ABC (Non-verification of credit of Stores in Consignee's Ledger) and 6-A (Outstanding Rent and Allied Charges) may be furnished after re-checking. There should be no difference in the figures reported in the statement no. 6-A and Statement "F" Para 18 of Annual Review of Works Expenditure.

10. Each PCsDA/CsDA is requested to submit the **details of the Outstanding Defence dues from Foreign Governments on account of Casual Services** rendered on payment upto 31<sup>st</sup> March' 2018 and outstanding as on 30<sup>th</sup> June' 2018, if any, separately country-wise and item-wise, for inclusion in the CGDA's Annual Audit Certificate for the year 2017-18 in the following format

Sl. No.	Particulars	Total amount for the claims preferred upto 31 <sup>st</sup> March' 2018 and outstanding as on 30 <sup>th</sup> June' 2018 (Amount in Rs.)	No. of items exceeding Rs. 1 lakh	Value of items exceeding Rs. 1 Lakh
1	2	3	4	5

This should be marked clearly with the heading "Outstanding Defence dues from Foreign Governments on account of Casual Services rendered". This is different from statement no. 5-A which is required to be rendered as usual. The Defence dues outstanding from various

countries on account of Casual Services rendered may not be added in any statement and has to be shown separately.

11. The consolidated position of the non-verification of credits and non-linking of invoices into Consignees' Ledger furnished by Pr. Controllers/Controllers in their statement 4 and 16 are included in the relevant reservation of CGDA's Annual Audit Certificate. Pr. Controllers/Controllers are, therefore, requested to furnish the details of these cases {Statement no. 4-ABC (Indigenous Stores) and statement no. 16-ABC (Foreign Stores) "Non-verification of Credits in Consignee's Ledger} in the following manner:

- |   |  |
|---|--|
| (i) Statements no. 4-A and 16-A i.e., Indigenous Stores and Foreign Stores respectively.<br><b>(Vouchers having value less than 5000/-)</b>   | -- Number of vouchers  |
| (ii) Statements no. 4-B and 16-B i.e., Indigenous Stores and Foreign Stores respectively.<br><b>(Vouchers having value of Rs. 5000/- and above but less than or equal to Rs. 15,000/- in each case)</b> | -- Number of vouchers and amounts of each voucher therein (in Rupees) and grand total. |
| (iii) Statements no. 4-C and 16-C i.e., Indigenous Stores and Foreign Stores respectively.<br><b>(Vouchers having value of Rs. 15,000/- and above in each case)</b>                                     | -- Number of vouchers and amounts of each voucher therein (in Rupees) and grand total. |

12. **For Pr. Controller of Accounts (Fys.) Kolkata only**

(a) In case of losses relating to Ordnance Factories, the number of cases and amount of losses exceeding the authorized percentage of rejections in production are to be included in the respective reservations of the CGDA's Certificate {Para (i) to Annexure-VII of the CGDA's Annual Audit Certificate refers}. You are, therefore, requested to furnish similar information in your AAC. The details of such cases included in statement no. 7 may therefore please be furnished separately.

(b) Similarly, the **amount kept out of reckoning of the Cost of Production (COP)** in the consolidated final accounts of Ordnance Factory, being abnormal losses, which occurred during



manufacture, should also be mentioned in the Pr. C of A. (Fys.) AAC. In case, the amount intimated by your office in the AAC is provisional, pending finalisation of Annual Accounts, this fact should also be prominently indicated in the AAC; the final figures when received should be intimated separately without delay, positively by Fax/Speed Post **but not later than 10<sup>th</sup> of July 2018** to avoid any amendments in the CGDA's Certificate at later stage.

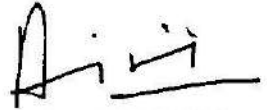
13. In regard to the follow-up progress reports showing the position as on 30.9.2018, 31.12.2018 and 31.3.2019, the same may please be submitted complete in all respects in single copy together with a comparative statement showing the position as on 30.6.2018 and that of subsequent quarters as per the time schedule prescribed in para 550 of Defence Audit Code.

14. Of late it has been observed that the amendments/corrections in Statements/Annexures are sent to this HQrs. office for incorporation at a last stage. All the amendments/corrections, if any, may kindly be forwarded to this office in time, to avoid any amendment in the CGDA's Annual Audit Certificate at last stage. It has also been observed that the amendment(s)/correction(s) suggested by the PCsDA/CsDA are forwarded to this office only, without endorsing a copy to the Director of Audit, Defence Services. Each correction/amendment may be sent to this office with copy endorsed to Director of Audit, Defence Service.

15. The reply to HQrs. letters/speed-post/fax sending clarification/correction/observation of any point/statement etc., should kindly be sent immediately both by return fax and by Speed-post. This may kindly be noted for strict compliance.

16. A special report may please be rendered along with your Annual Audit Certificate for the year 2017-18, showing the action taken by your office in the last one year for reductions in the outstandings reflected in the AAC for the year 2016-2017)

17. Please acknowledge receipt.

  
(Avinash Dikshit)  
Sr. Jt. CGDA (IA&S)