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No. IA/I/20/Circular/Vol-VI

Dated : 21/08/2019

IMPORTMENT CIRCULAR NO. 75

To


All the LAOs
 (As per standard list)

Subject:- Circular of Local Test Audit Report.

The following DADS (EC) Patna Local Text Audit Report are circulate herewith for examination and further necessary action of all the LAOs:-

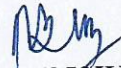
DADS, EC, Patna Local Test Audit Report bearing LTAR No. 1785/LTCOR/F-86/2016-17 dated 25.01.2017 Part-II (B) Item No.I, regarding Loss to State due to transportation of stores in two CHT Contracts, Item No. II regarding Arrears in Internal audit, Item No. III regarding Non-disposal of packing materials, Item No. IV Outstanding of rent for Govt. Butchery amounting to Rs. 64,409/-, Item No. V regarding Non-issue of Deshi Ghee, Item No. VI regarding Irregular purchase of TTIEG items, Item No. VII regarding Loss of Mandays due to less working hours observed by unit, Item No. VIII regarding wastage of Manpower & Materials & Money, Item No. IX regarding Irregular local purchase of Almonds, Item No. X regarding Extra expenditure of Rs. 4,86,876/- on purchase of Almond Giri on higher rates and Item No. XI regarding Extra expenditure of Rs. 6,356/- on purchase of Cheese Cube on higher rates within a week against the 311 Coy (ASC) Type B C/o 99 APO.

In the light of the above reference LTARs, the LAOs are requested to give special emphasis on the above areas of audit while conducting the audit and reviews of units/formations under their jurisdiction and report the outcome through the LACR of the Units audited.


 (N. K. BISWAS)
 DCDA (IA)

Copy to :

✓ The O I/C With a request to upload in the CDA Guwahati website.
 EDP Section
 (Local)


 (N. K. BISWAS)
 DCDA (IA)

Part-II (A)

NIL

Part-II (B)

Item-I: Loss to state due to transportation of stores in two CHT Contracts.

During scrutiny of ESL register of Basic Group of 311 coy ASC (Sup) Type 'B' it was observed that the 311 coy ASC (Sup) Type 'B' is receiving basic items i.e. Atta, Rice, Sugar, Dal, Maida, Oil, Suji etc. from 1 ABSD Guwahati through CHT. Stores coming from Guwahati is being unloaded at Missamari and taken on charge. Again these items are sent to field units through CHT. In audit it was felt that since stores are to be supplied to field units, it is unnecessary to pass the stores through 311 coy ASC (Sup) Type 'B'. As in this process there are wastage/ extra expenditure on unloading and reloading of stores at Missamari Supply Depot. Further, stores are brought to Depot through CHT and again it is dispatched to concerned unit through CHT. For this two CHT contracts are done one from 1 ABSD to 311 Coy ASC and the other for from 311 coy ASC to field units whereas it can be transported on single CHT direct from 1 ABSD to user units. If the stores are directly dispatched to the consuming Depots a lot of money and manpower could have been saved on this accounts.

Reasons for bringing of stores from 1 ABSD Guwahati to 311 coy ASC and again from 311 coy ASC to consuming Depot was called for in audit. Further, it was also requested be worked out and intimated, had the stores been transported directly from 1 ABSD Guwahati to consuming units, how much money and manpower could have been saved during the financial year 2015-16 and till date.

In reply unit stated that 1 ABSD Guwahati is a Base depot for supply of ASC stores to mother depots. Stores are received at 1 ABSD in bulk and then distributed to mother depots. Mother depots receive the store and dispatch the same to forward depots as per their requirement as less storage space is available with the forward depots. Also, this is an old system of supply chain management procedure which is being followed. Unit has also noted the point for future compliance.

As decided during discussion compliance of audit observation will be watched in audit.

Item-II: Arrears in Internal Audit.

As per existing procedure Internal Audit of Army units by LAO is to be conducted at an interval of 06 months, but during the test audit on the A/Cs of 311 coy ASC (Sup) Type 'B' it was observed that LAO had conducted the audit of 311 coy ASC (Sup) Type 'B' till March 2015 only. Thus, internal audit of the unit has not been conducted since April 2015 to till date.

Reasons for non-conducting the internal audit which is the procedural requirement was called for in audit. Whether any action had been taken by the unit for LAO audit was also called for. In reply unit stated that it is due to deficiency of staff with ALAO, Missamari audit of unit has not been carried out after March 2015. However, reply from LAO is awaited. Comments of LAO in this regard will be awaited in audit.

Item-III: Non-disposal of packing materials.

311 coy ASC (Sup) Type 'B' has been designed for 05 FSDs of 4 Corps & 3 Corps for the strength of these formations. Its main function is to supply and hold stocks for troops deployed in forward areas. However, it is observed that the depot is also engaged in inventory management of packing materials. The depot is receiving packing materials from the field units which are in bulk and most of them are surplus or obsolete or unserviceable.

As per Govt. policy surplus or obsolete or unserviceable goods of assessed residual value rupees two lakh should be disposed off by

- (a) Obtaining bids through advertised tender or
- (b) Public auction

Keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and also, deterioration in value of goods to be disposed off, by the competent authority.

However, during the test check of documents maintained in 311 coy ASC (Sup) Type 'B' it was observed that a large Nos. of packing materials, serviceable/ unserviceable/ surplus are held in the depot. Just to illustrate a view cases is shown below:-

1.	Tin 15 Kg US	-	40176
2.	Tin 15 Kg SA	-	47101
3.	Jute Bags 50 Kg BA	-	97955

In audit, it is felt that a lot of manpower is engaged in inventory management. Had these items been disposed off, unnecessary occupation of space/ sheds could have been avoided as well as manpower is also saved. Further, due to passing of time condition of stores is also deteriorated resultantly, it also fetches less amount.

Action taken/ proposed to be taken for disposal of obsolete/ surplus packing materials was called for in audit. Further, details of all packing materials held with the Depot was also called for in audit for better appreciation of the case.

In reply unit stated that the depot has regularly been carried out auction of supply packing material held with the depot as and when required. Next auction is scheduled on 29 Dec 2016. Disposal of packing materials will be watched in audit.

Item-IV: Outstanding of rent for Govt. Butchery amounting to Rs. 64,409/-.

As per Govt. of India, MOD letter No. PC/63029/Q/ST-5/11321/D (QS) dated 03 Feb 2015 rate of recovery of rent and allied charges for water and electricity for the Army Butcheries in respect of all contracts commencing from 01 April 2014 was revised at the following rates:-

1.	Animal Slaughtered for meat dsd	-	Rs. 12.00 per animal
2.	Animal issued as meat on hoof	-	Rs. 06.00 per animal
3.	Poultry dsd supplied	-	Rs. 02.50 per Kg
4.	Poultry alive supplied	-	Rs. 01.25 per Kg

During the audit of 311 coy ASC (Sup) Type 'B' it was noticed that certain amount on the A/Cs of rent & allied charges for the Govt. Butchery was outstanding on the following contractors:-

1.	Shri Md. Tarique, Mali Gaon Charali	-	Rs. 9,386.85/-
2.	Hind Supply Corporation, Danapur Cantt.	-	Rs. 17,451/-
3.	M/s ACE Supply Agency, Varanasi	-	Rs. 37,571.09
Total			Rs. 64,408.94
Say			Rs. 64,409/-

In this regard it was asked whether above mentioned amount had been recovered from the concerned individuals? If yes, a copy of supporting documents was called for in audit. If it

had not been recovered, what action had been taken for recovery and what is the present position was also called for in audit.

In reply unit stated that the said amount has already been recovered. The relevant documents regarding the recovery of the amount will be produced subsequently.

As decided during discussion supporting documents for recovery of outstanding rent amounting to Rs. 64,409/- will be awaited in audit.

Item-V: Non –issue of Deshi Ghee.

During scrutiny of issue voucher No. Nic/IV/156 dated 16.08.2016 prepared by Supply Depot ASC, Missamari it was observed that 1000.93 Kg of Deshi Ghee was issued to Supply Depot ASC, Sapper and dispatched through Army Vehicle No. 10D184487 from Supply Depot ASC, Missamari to Supply Depot ASC, Sapper. But from in and out register of Supply Depot ASC, Missamari it was found that no above mentioned vehicle entered on 16.08.2016 in Supply Depot ASC, Missamari. Thus, it could not be understood in audit as to how the above mentioned item was dispatched in the above vehicle.

As such it was requested for an investigation by an independent officers and findings to be intimated to audit.

In reply unit stated that the item was issued by ABSD Guwahati and further issued to forward depot due to urgency of ration in forward areas. However, reply is not on the lines as per points raised in observation.

As decided during discussion reply on the lines as per observation will be awaited in audit.

Item-VI Irregular purchase of TTIEG items.

As per Dte General of Supply & Tpt. letter No. 57416/TTG/Op-III/a/ST – 1 dated 27 Jun 2005, supply units can purchase the following items from TTIEG fund:-

1. Bag stitching machine.
2. Siren Hand Operative.
3. Electric rat/ rodent repeller.
4. Tin cutters.
5. De-humidifiers.
6. Electric/ Electronic Fire Alarm.
7. Product quality test equipment.
8. Sampling Equipment.

However, it is noticed from 311 coy ASC (Sup) Type 'B' letter No. 29/ TTG/Accts dated 19 Mar 2016 addressed to HQ 101 Area (ST) that following items were purchased from TTIEG for the FY 2015-16:-

Sl. No.	Item	Qty	Amount
1.	Bhatti Single Burner SS	02	19,800/-
2.	Weighing Scale (Cap 150 Kg)	01	16,200/-

As per the DG S&T letter that the above mentioned items are not to be purchased from TTIEG Fund, Mukhyalaya 101 Area vide their letter No. 36026/TTIEG/ST – 1 dated 20 Sep 2014 specially addressed to all supply coy in its jurisdiction by stating that TTIEG, viz. Technical Training and Instructional Equipment Grant, must be understood in letter and spirit and only those items be procured/ activities be undertaken, which directly enhance technical training thresholds and facilitate instructional endeavours but 311 Sup coy has purchased the above mentioned items against the Govt. policy.

Regularization of same is awaited in audit.

Item-VII Loss of Mandays due to less working hours observed by the unit.

According to Ministry of Defence ID No. 4(2)/83/D (ECC/IC) dated 19 Jan 1984, working hours of Industrial workers of ASC should work for 48 hours in a week.

However, it is noticed from special Daily order part – I dated 22 Nov 2016 that the 311 coy ASC (Sup) Type 'B' is observing the following office timings:-

1. PT	0600 hrs to 0640 hrs	40 minutes
2. Office Timing	0830 hrs to 1400 hrs	05:30 hrs
3. Game Parade	1600 hrs to 1700 hrs	01:00 hrs
		<hr/> 07:10 hrs

The 311 coy ASC is working for 06 days in a week. Therefore, the supply coy is working for 07:10 X 6 hrs i.e. 43 hours only. Thus there are shortage of 05 hrs in a week. The unit replied that part –I order of Stn. HQ. missamari in applicable on Defence person only. Working hours for defence civils are brought out as per Sig no.Q.5510 dt.10.12.2014. A copy of which is awaited in audit.

Item-VIII Wastage of Manpower & Materials & Money.

Rule 145 of GFR states that purchase of goods upto the value of Rs. 15,000/- only on each occasion may be made without inviting quotations on bids on the basis of a certificate to be recorded by the competent authority in the following format:-

I _____ am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.

However, it is observed during the audit of 311 coy ASC (Sup) Type 'B' that even purchase of goods of value below Rs. 15,000/-, quotations are being invited, CST is prepared, Boards are convened and the Supply Orders are being placed. In view of audit, in following the above mentioned procedure for supply of items of value less than Rs. 15,000/-, there is wastage of manpower and materials (paper and ink) in preparation of all documentation and money for postage stamps.

Reasons for not following the rule laid down in GFR was asked in audit. In reply unit noted the point for future compliance. This will be watched in audit

Item-IX Irregular local purchase of Almonds.

According to Govt. Of India, Ministry of Defence letter No. 61509/Q/ST-4/2115/D(QS) dated 23 Dec 2011, the local purchase of Almonds can be carried out through special TPC under the financial powers of MGsASC comprising of MGsASC, CDA/JCDA and Rep of GoC-in C from Central/ State Govt. Federations, State Corporations (Public Sector Undertaking/ Co-operative Stores/ Super Bazar/ Appex Bodies/ Trade at most economical and competitive rates.

However, it is noticed during the audit of 311 coy ASC (Sup) Type 'B' that 311 coy ASC (Sup) Type 'B' had placed supply orders for purchase of Almond Giri under the following supply orders:-

Sl. No.	S.O. No. & Date	Qty (in Kgs.)
1	0918186 dated 15 Jun 2016	2055
2	0918190 dated 01 July 2016	2675
3	0918195 dated 13 July 2016	2864

Regularization of the same is awaited in audit.

Item -X **Extra expenditure of Rs 486876/- on purchase of Almond Giri on higher rates.**

311 coy ASC (Sup) Type 'B' placed two supply orders bearing No. 0918190 dated 01 July 2016 and 0918195 dated 13 July 2016 on M/s Saloni Enterprise and M/s Goyal Brothers respectively for supply of Almond Giri at the rate of Rs. 842/- per Kg and Rs. 659.99 per Kg respectively. It is evident from the above that there is a vast variation in rate within 12 days i.e. $(Rs\ 842 - 659.99) = Rs.\ 182.01$ per Kg. Supply order was placed for 2675 Kg of Almond Giri. Thus $2675 \times Rs.\ 182.01 = Rs.\ 4,86,876/-$ was extra spent on purchase of the items. It is further observed that generally there are upward trends in the market but here it is seen a downward trend in the market. From it in audit it is felt that no proper market survey is being carried before placing the supply order.

Regularization of loss of Rs 486876 is awaited in audit.

Item-XI **Extra expenditure of Rs. 6,356/- on purchase of Cheese Cube on higher rates within a week.**

311 coy ASC (Sup) Type 'B' placed two supply orders bearing No. 0918196 dated 18 July 2016 and 0918197 dated 25 July 2016 on M/s M.K. Associates for supply of Cheese Cube at the rate of Rs. 436.60 per Kg and Rs. 482/- per Kg respectively. It is evident from the above that there is a vast variation in rate within a week i.e. $(Rs\ 482 - 436.60) = Rs.\ 45.40$ per Kg. Supply order was placed for 140 Kg of Cheese Cube. Thus $140 \times Rs.\ 45.40 = Rs.\ 6,356/-$ was extra spent on purchase of the item. According to DPM 2009 a repeat order can be placed within 06 months from the date of completion of the supply against the original order. Had the repeat order been placed, deptt. could have saved the above extra expenditure

Regularization of loss Rs.6356 is awaited in audit.


Sr. Audit Officer

Defence Services E C patna-19