

Very Urgent

Speed Post/Fax
No. IA/I/Reorientation/Vol-II
Office of the CDA, Guwahati
Uayan Vihar , Narangi
Guwahati-781171
Date: 06/06/2014

To

All LAOs (By name)

Subject: 2nd LAOs Conference for 2014.

In a bid to improve the efficiency in functioning of the organization of the CDA Guwahati, it has been decided by the Competent Authority to have a conference of all LAOs on **23rd June 2014 from 10.00 hrs to 17.30 hrs at Conference Hall CDA Guwahati** to review vital issues concerning the functioning of LAOs and work out viable solutions. All the LAOs will be allotted 15 minutes to make presentation on their **action plan** and presentation (**through power point**) must also cover the following areas along with hard copy and soft copy:-

It is pointed out by HQ inspection team that efficiency of LAO offices have been deteriorated and no Inputs have been provided which is a matter of great concern. At present there are 2198 local audit objections and 318 LTARs which is still un-actioned.

- 1.) Issue of at least five MFAI/IAR/Financial Advice in a quarter.
- 2.) LAO's Entry / Exit conference during review & submission of report regarding audit objection raised by LAO on his own capacity.
- 3.) Copies of Sanctions issued by CFA lower than GOI MOD should be regularly audited.
- 4.) Status of Record for recovery of audit fees from Cantt. Board.
- 5.) Recognize all major points pending at Unit/Command/Army Hqrs level to incorporate in next MFAI/IAR report.
- 6.) Status of Audit Programme & submission of LACR monthly basis along with copies of Local Audit Objections.
- 7.) Status of LTAR/LTAN and updation/preparation of data base.
- 8.) It is found that some audit points from LTAR have potential to become MFAI/IAR, LAOs are expected to explore in this field.
- 9.) Status of credit verification for the last five years- detailed reports.

LTAR Possibly to be IARs:-

- Avoidable payment of escalation of Rs.2.5 Crores beyond original date of completion due of disputed site of work
- Receipt & issues of life expired batteries
- Loss of Rs.1.46 lakh on payment issue of milk
- Non Function X Ray machine of Rs. 5.35 lakhs
- Medical equipment of Rs 1.24 lakhs awaiting installation
- Non recovery of rent and allied charges from Private parties
- Conclusion of contract of CHT at higher rates
- Splitting of Supply Orders
- Execution of two Special repair works in a building within a short period

- P/2 -

- Irregular sanction of Special works by HQrs 101 Area pin

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Focus is also suggested on following points as per CGDA Inspection team for immediate action:-

- (1) Revenue Audit –Loss of revenue in shopping complexes,
- (2) Defence land audit
- (3) Re-appropriation cases for funds and buildings etc
- (4) Transfer of Public money into Regimental fund
- (5) Non commissioning of costly equipment/infrastructure
- (6) Effective utilization of grants in Army units
- (7) Fraudulent CEA/LTC claims
- (8) Non Revision of Rent and allied charges
- (9) Contracting practices prevalent at Military Farms
- (10) All points of 32nd and 33rd IAR – Similar cases

It is therefore, directed to attend the conference without fail duly accompany with the latest updates (**progress achieved of the last conference**) and also come with their scheduling in & out register for presentation in the conference.

TA/DA is authorized as per extent rules.

CDA has seen.

Please acknowledge receipt.

- sd -
(M.K.Touthang)
ACDA (IA)

Copy to:

- 1) O/ic
AN-IV Sec.(Local)

It is requested to make necessary arrangement of accommodation and stationary, along with **tea/working lunch** accordingly in connection with the above conference.

- 2) O/ic
AN-V Sec.(Local)

For information with a request to publish Pt-II OO in r/o of the above named officers for TA/DA.

- 3) O/ic
AN-I (Local)

For information please.

- 4) O/ic
AN/II GP-II

For information and necessary action with reference to above please.

- 5) O/ic
EDP Section

For necessary action for placing the data in LAN/ website of CDA Gh.

(Signature)
(R.M. DAS.)
Sr. Accounts Officer (IA)

Executive Summery – Inspection of CDA Guwahati

Inspection: Scope

- Review of Organizational and functional structure
- Review of system: Risk Analysis in operation
- Advice on Best practices for enhanced performance
- Effectiveness of Internal Audit
- Pre & Post audit of Vouchers/Bills
- Monitoring of LAO/RAO Work
 - Efficacy of system of Local Audit
 - Ability to raise significant audit points
 - Role of Main Office in IA functions
 - Functioning of PAO(ORs) 58 GTC Shillong

Inspection: Highlights

- Regular Pre/Post audit work and its analysis at macro level is weak in Stores Section, M- Section and E-Section. Audit of Sanctions in Stores section is virtually absent & would require significant strengthening.
- Test check by IDAS Officers of third party bills is not being conducted.

Key Action Areas			
Sl.	Area of concern	Sections involved	Proposed Action
1.	Important Audit Points emerging during Internal Audit are not been examined and monitored in IA section. There is no mechanism to watch and analyze the type of various objections and any advice rendered to units on that basis.	IA	IA Cell should be immediately sensitized to handle the work done by LAOs in professional manner with quicker action. There is need to strongly monitor the work of IA Cell at appropriately higher level. The Units should also be asked to respond quickly. At present there are 2198 local audit objections and 318 LTARs. The same should be analysed to identify the trend in Local/Test Audit. Similar cases may be explored /identified in future also.
2.	During the inspection some audit points from MFAI Report and LTAR with potential to become IAR were found. These points were shown during the presentation.	IA	The follow up action should be taken and monitored at the level of Addl CDA /PCDA.
3.	Only One financial advice has been rendered in the recent past..	IA	The area of financial advice needs attention of GOs/Addl. CDA.
4.	Copies of sanctions issued by CFA lower than Ministry of Defence are not being received in the Internal Audit Section and no audit of sanctions is being carried out either by IA section or by audit sections	IA	A proper mechanism for monitoring the receipt of audit of sanctions and regular audit of sanctions should be ensured. A report in this regard may be rendered to HQrs. office
5.	Quality of Audit conducted by AOGES needs to be improved	IA	Immediate action should be taken to improve the quality of audit.
6.	Standard of scrutiny of bills before admitting for payment is poor.	M	Proper audit checks may be adhered before bills are admitted for payment.

Action Plan: Proposed for CDA Secunderbad

Action Plan	Activity	Due date
Immediate	<ul style="list-style-type: none"> • Five (5) IAR points to be finalized 	30th June, 2014
Short term	<ul style="list-style-type: none"> • IA section will process rest of the important items vigorously with LAOs/Units (wherever required) to be make them ready for IAR and put to CsDA • IA Section to issue a circular to all LAOs to report all major points pending at Unit/Command/Army Hqrs level to analyze them and consider reporting in next MFAI Report or IAR. <p>Quality of subdivision audit of GE's office should be improved</p>	15th July ,2014
Medium/ Long term	<ul style="list-style-type: none"> • All the higher audit points/MFAIs and important objections taken by LAO with executives and points reported to Main office are analyzed/ processed for inclusion in ensuing MFAI Report/IAR. <p>Result of effective Pre and Post audit of Stores, E Section and M Section to be analyzed /processed for inclusion in ensuing MFAI Report/ IAR.</p>	31th July,2014
Methodology	<ul style="list-style-type: none"> • All GOs/Sr. AOs/ AOs/ AAOs will put all out efforts and take initiatives to identify the important cases based on the data available through Cash Accounts/Pre & Post audit of other documents for strengthening internal audit function. • CDA to have fortnightly meetings on the progress of all the Short term and Long term items. 	To be monitored by CDA Guwahati

- The Financial Advice items received from HQrs. CGDA office are being circulated to all the LAOs and sections of main office. However it is observed that only one financial advice has been rendered during the last 3 years
- No IAR points have been raised since 03/2013
- 49 MFAI cases have been raised, out of which 3 cases have been settled
- Test check of third party bills is not being carried out by IDAS
- Higher audit of Contracts not being carried out
- Test Check of Specimen Signatures received from Executives not being conducted

- **Focus is also suggested on:-**

- (1) Revenue Audit –Loss of revenue in shopping complexes,
- (2) Defence land audit
- (3) Re-appropriation cases for funds and buildings etc
- (4) Transfer of Public money into Regimental fund
- (5) Non commissioning of costly equipment/infrastructure
- (6) Effective utilisation of grants in Army units
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- **Audit conclaves with executive authorities to discuss the audit objections raised by LAOs/RAOs are not being convened and not pursued with the executives**
- **There are 7 LAOs and 23 AO GEs under the jurisdiction of CDA Guwhati.**
 - **Entry Exit Conference by IDAS officer not being held**
 - **LAO Conference is being conducted but following issues are not deliberated upon**
 - **Prospective points of IAR/MFAI/FA**
 - **common areas of audit concern**
 - **Major irregularities observed by LAOs in their areas**
 - **the nature of losses and their categorization**
 - **Selection order, strategy and audit plan**
 - **Feed back from LAOs of any kind on audit**

- No inputs from AO GE/AAO(MES)
- 309 Internal audit objections and 79 Test Audit objections are outstanding. LTAR points may be examined to identify the trend of objections in test audit. Similar cases may be explored/identified in future
- Major Audit areas observed in LTARs are neither being reviewed nor being discussed with LAOs