

Tele: 23019646

E2W (PPC) Sub Dte  
Dte of Works, E-in-C's Branch  
Integrated HQ of MoD (Army)  
Kashmir House,  
New Delhi – 110011.

A/80145/Misc/Plg/E2W (PPC)

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**List 'A' and 'B'**

**ADVISORY FOR DEALING WITH AUDIT OF SENSITIVE/ CONFIDENTIAL  
DOCUMENTS PERTAINING TO MES AND CONDUCT OF PERFORMANCE  
AUDIT OF MES UNITS BY PCDA/ CDA**

**General**

1. This advisory is based on SOP on " Standard Operating Procedure for dealing with Audit of Sensitive/ Confidential Documents Pertaining to Armed Forces and other organisations under MoD" received vide MoD (Finance) ID Note No.23 (9)/ Fin/GS-I/2017 dt 06 Sep 2017 through DGFP(GS Br) letter No A/90064/FP-1 & Coord dt 05 Oct 2017, and is intended primarily to ensure that audit teams are hereafter properly sensitized about the need to maintain confidentiality of details/information which are not recommended to be put in the public domain. This advisory also clarifies the issues pertaining to performance audit of MES formations by PCDA/CDA.

**Audit of Sensitive/ Confidential Documents Pertaining to MES**

2. The Auditing Standards prescribed by the Comptroller and Auditor General provide, inter alia, that in respect of the information which, in the national interest cannot be freely disclosed, the Auditors should consider the need to make a report including such confidential and sensitive material in a separate unpublished report. Despite this position, it has been noticed that some audit paras in the past have resulted in bringing out sensitive information into the public domain.

3. Interactions between the audit team and audited organizations are to be conducted at the stage of entry conference, circulation of/ responses to audit queries, draft audit report stage, exit conference and draft final reports. At each stage, the following would be ensured:-

(a) Authorities furnishing the information/documents should apprise the Audit teams of the sensitive/classified nature of the information/documents made available to them for the purpose of audit.

(b) Details of armaments, capabilities, operational assets, operational plans (like Runway Rehabilitation Schemes, Station blue prints, layout of key installations including ammunition dumps, Blast pen layout etc) having a bearing on national security may be recommended to be kept out of the public



domain. However, reports on deficiencies in processes of procurement, stocking, maintenance and repair etc. should generally not be so treated.

(c) Security classification of the documents shared with Audit Teams should be as authenticated by the Service Headquarters or the designated authorities in other organizations such as DRDO/Coast Guard.

#### **Performance Audit by PCDA/ CDA**

4. Performance audit forms part of Local Audit Group. Comptroller and Auditor General of India has the powers to pass orders for conducting Performance Audit (Min of Fin No. F. No. 6(5)-B(R)/99 dt 13.06.2006).

5. Performance audit is conducted by the PcsDA/CsDA with reference to the instructions/ guidelines issued by the Controller General of Defence Accounts from time to time. Projects/ areas proposed to be taken up for study from Performance Audit angle by PCsDA/CsDA during a year are intimated in advance to Controller General of Defence Accounts office. A gist of points of interest is also sent to the Controller General of Defence Accounts after completion of the study which are examined and Controller General of Defence Account's clearance for submitting the formal study report to the Administrative authorities with copies to the Controller General of Defence Accounts taken. Based on the evaluation of results of Performance studies conducted by PCsDA/CsDA, cases considered fit for inclusion in the Annual Audit Certificate are included by PCsDA/CsDA on merits of each case.

6. Performance Audit is required to be carried out by the PCsDA/CsDA with references to the information readily available in auditable documents. Any information/ document required but not available with audit should be called for from the Administrative authorities, clearly indicating the purpose. It is pertinent to mention that Principal Controller/Controller of Defence Accounts is responsible through CGDA to the Secretary (Defence/Finance)/Financial Advisor (Defence Services) for the audit of the portion of receipts and expenditure of Defence Services that is entrusted to him. Cases have come to light wherein some MES establishments have refused the authorities from conducting performance audit of their establishments when these establishments have been approached by audit. Henceforth following issues would be strictly adhered to by MES establishments as regards performance audit :-

(a) On receipt of intimation of conduct of Performance Audit by PCDA/ CDA the concerned MES establishment would intimate the same to its Next Higher Engineer Authority (NHEA) for info.

(b) Change in dates of the conduct of the performance audit when necessitated due to operational/ service requirements and other genuine preplanned events during the proposed dates, needs to be intimated to concerned PCDA/ CDA in time and new dates formalised post mutual interaction.




(c) As regard sharing of classified documents the issues highlighted in para 3 above needs to be adhered to and explained accordingly to the auditing authorities.

(d) All steps need to be taken to co-operate with the audit team for conduct of the Performance Audit.

(e) Post completion of the Performance Audit an intimation needs to be given to the NHEA for info by the audited MES establishment.

7. The contents of this letter be widely disseminated down to unit level.



(Vivek Pathak)  
Col  
Dir (PPC)  
For E-in-C

Copy to:-

**CGDA**

**DGFP (GS Branch)**

Internal

**Automation Cell** - For uploading on MES website.