

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA

UNSTARRED QUESTION NO.3834
TO BE ANSWERED ON THE 24TH MARCH, 2017

MODERNISATION OF ARMED FORCES

3834. SHRIMATI REKHA VERMA:

Will the Minister of DEFENCE please be pleased to state:

- (a) whether there exists any mechanism for the audit of funds allocated for the modernisation of armed forces;
- (b) if so, the details thereof; and
- (c) the details of defence procurement agreements signed with foreign countries during the last three years and the current year, country-wise?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

रक्षा राज्य मंत्री

(DR. SUBHASH BHAMRE)

(डा. सुभाष भामरे)

(a) to (c): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA UNSTARRED QUESTION NO. 3834 FOR ANSWER ON 24.3.2017

(a) & (b): Yes, Madam. There exists mechanism for the audit of funds allocated for the modernization of armed forces. Ministry of Defence is susceptible to following types of audit:-

- (i) **Internal audit:-** is conducted by the Defence Accounts Department (DAD) while performing functions of payment and accounting of all Defence expenditure. In certain cases this is a pre-audit i.e. before release of payment and in others a post-audit i.e. after payments have been released. The latter applies mostly to payments released by Services themselves out of Imprest accounts and cash assignments meant for payment of pay & allowances, purchase of stores, running advances for works etc. in the field. Local audit of cash and store accounts of all defence units and establishments is another facet of internal audit. Internal audit focuses on regularity, propriety, compliance and efficiency audit issues to identify instances of deviations from prescribed procedure. Internal audit is a continuous function as it is closely intertwined with the payment and accounting functions of the DAD.

The major findings of internal audit are highlighted in six monthly Internal Audit Report issued by the Controller General of Defence Accounts. These Internal Audit Reports are conveyed to the Service HQrs and settlement is based on responses received from them. In addition to summation of the internal audit effort of the DAD is reflected in the Annual Audit

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Certificate which is included in the Appropriation Accounts (Defence Services) which is laid before the Parliament.

- (ii) **External audit:-** This is the statutory audit by the Comptroller & Auditor General (C&AG) as in the case of other Ministries/Departments. This is also known as 'test' audit as it is a test check over the internal audit conducted by the DAD. This is periodic and conducted as per audit calendar. C&AG reports their findings through Annual Report and Performance Audit Report. The response to these reports are monitored by Public Accounts Committee.

(c) During the last three years and the current year, 76 contracts involving ₹ 1,30,664.29 crore have been signed with foreign vendors for the capital procurement of various defence equipment including aircraft, rockets, tanks, helicopters, howitzers, missiles, simulators and ammunition. The country wise details are as follows:-

Country	No. of contracts
Russia	13
Israel	13
USA	18
France	7
Others	25
