

S.A.S. EXAMINATION- PART-I

FEBRUARY, 2004

PAPER-I-THEORETICAL (WITHOUT BOOKS)

GENERAL PRINCIPLES AND PROCEDURES OF ACCOUNTING AND AUDIT

(Including General Organisation of the Armed Forces)

**TIME: 3
HOURS**

MAX. MARKS: 100

NOTES:

1. Candidates should attempt any TWELVE questions.
2. Each question carries EIGHT marks. Four marks are reserved for general excellence.
3. Answers to all parts of questions should be written in one place only.

Q.1. Which office of the DAD is responsible for the following:-

(2 Marks each)

- (i) Payment for construction material supplies ordered by a Border Road Task Force.
- (ii) Contract for supply of fresh vegetables and fruits for an army Unit in Jullundhar.
- (iii) Issue of Pension Payment Order for an Army Officer.
- (iv) Maintenance of pay accounts relating to ORs of signals.

Ans. (i) Accounts Office of concerned BRTF
(ii) Store Contract Section, PCDA(WC), Chandigarh
(iii) PCDA(Pension) Allahabad
(iv) PAO(ORs) Signals, Jabalpur

Q.2. Write short notes on any TWO of the following:-

(4 Marks each)

- (i) Cash Assignment
- (ii) Sectional Compilation
- (iii) S&S Imprest
- (iv) Annual Contingent Grant

Ans. (i) **CASH ASSIGNMENT-** is a letter of credit in favour of a disbursing officer authorising a particular Bank/Treasury Officer to make payments demanded by him up to the limits specified therein. Drawing against these assignments are made exclusively by cheques, supplied by the CDA to the disbursing officer.

(Authority: Para- 194, Defence Account Code)

- (ii) **SECTIONAL COMPILATION-** is a monthly compilation generated by EDP/DDP centre indicating section-wise amounts booked under each code head. Copy of such

compilation is furnished to concerned sections by 11th of the following month to verify and confirm correctness of bookings with reference to original Punching Media.

(Authority: Para- 137 Defence Account Code)

- (iii) S & S IMPREST- is an imprest provided to units/formations for making payments for ASC contractors bill, civil hired transport , porter, ponies etc. Imprest is drawn from field cashier or the regional CDA. Accounts are maintained on form IAFA 821 showing chronological record of transactions. Imprest holder submits monthly accounts supported by relevant vouchers to the regional CDA.

(Authority: Para 362 & 363, Defence Audit Code)

- (iv) ANNUAL CONTINGENT GRANT- is provided to all units/formations to enable them to meet their day-to-day expenditure of contingent/miscellaneous nature like maintenance of office equipment, hot weather establishment, service labels, stationery etc. Barring Cat 'A' establishments and formations commanded by Major General and above, this grant is released in advance each quarter and is subject to post audit by the regional CDA.

Q. 3. (i) What are the points to be seen in the audit of supplies bill received from a unit?

(4 Marks)

Ans. Points to be seen while auditing suppliers' bills

- (i) That the bills and vouchers are in prescribed form in original and duly pre-receipted by supplier
- (ii) Copies of sanction are certified by the sanctioning officer or by a gazetted officer authorised to sign on his behalf
- (iii) Revenue stamp is affixed on all vouchers for sums exceeding Rs. 500/-
- (iv) All corrections/alterations are duly attested
- (v) Income Tax deductions are made as applicable
- (vi) Bill is not time barred
- (vii) Purchase of stores has been approved/sanctioned by the Competent Authority
- (viii) CRV for the store is enclosed
- (ix) Availability of funds for the expenditure is ensured

(Authority: Paras 47, 62, 306 Defence Audit Code)

Ans. (ii) Measures to avoid double payment.

- (i) Maintaining full particulars of all payments made to a supplier with details of supply order, name of unit/formation etc. in a 'Register of Payments' (IT Register) to verify

that the bill has not been paid earlier.

- (ii) Supply Order enclosed with the bill is linked with the advance copy of the Supply Order and 'cancelled' enforcement is made thereon.

Q. 4. (i) What is Appropriation Accounts? Explain the objective behind preparation of the same?

(4 Marks)

- (ii) Who prepares Appropriation Accounts of defence Services?

(4 Marks)

Ans. (i) Appropriation Accounts contains audited account of expenditure against each head of account along with final appropriation for each year along with explanation for important variations between appropriation and actual expenditure. Appropriation Accounts also contain general review of expenditure changes on Defence Services, Annual review of MES Expenditure, change in form and classification in accounts, instances of cash/stores losses, infructuous expenditure. Appropriation Accounts certify that no expenditure has been incurred without valid appropriation/sanctions. Instances of improper maintenance of accounts, outstanding dues to the Govt. are also included in the Appropriation Accounts.

(Authority: Para 533-535 Defence Audit Code)

- (ii) Secretary(Defence Finance) and Financial Advisor, Ministry of Defence is responsible for preparation of the Appropriation Accounts and for submission to the C&AG and the Director General of Audit, Defence Services. This is submitted by January 15th of the year following that to which these Accounts relate.

(Authority: Para 532, Defence Audit Code)

Q. 5. (i) Explain Defence Exchange Account.

(5 Marks)

- (ii) Indicate the nature of transactions adjusted through defence exchange account.

(3 Marks)

Ans. (i) Certain transactions which pertain to one controller are carried out by another Controller due to some reasons. Such transactions are adjusted between the two controllers through the mechanism of Defence Exchange Account. Such adjustment is carried out by operating Inter Departmental (ID) Schedules.

The CDA carrying out the transaction originates an ID Schedule against the controller to whom the transaction actually pertains. The responding controller adjusts the ID Schedule by booking the transaction to the relevant Service head.

- (ii) (a) Transaction relating to Debt & Remittance Heads.

(b) Transactions for settlement or adjustment for which a controller is centrally

responsible.

(c) Imprest advance payments to Naval or Air Force personnel from Army or vice versa.

Q. 6. (i) What is MRO?

(2 Marks)

(ii) Explain the role of accounts section in adjustment of MRO.?

(3 Marks)

(iii) Explain the accounting entry proposed by audit section for adjustment of MRO.

(3 Marks)

Ans. (i) MRO denotes Military Receivable Order. Any remittance into Govt. treasury or Branches of State Bank of India or Reserve Bank of India is made based on an MRO to be issued by an authorised person. MRO indicates nature of payment, person on whose account payment has been made, CDA responsible for carrying out adjustment and the amount deposited. Based on the authority of MRO, treasury/bank will accept money for credit to Defence Services.

(Authority: Paras 180-182, OM Part-II Vol.I)

(ii) (a) Duplicate copy of MRO is received in Accounts Section along with Credit Scroll from banks through indented Focal Point Branch. This is scrutinised to confirm that these pertain to that CDA office and that the amount of MRO tallies with the amount as per credit scroll.

(b) All MROs received are entered in a Register maintained bank/treasury-wise for facilitating linking with original MROs to be received from concerned Audit Sections.

(c) Duplicate MRO is adjusted by debiting the head 'Reserve Bank Deposits- Defence' and crediting the suspense head 'Remittance into banks/treasury'.

(iii) Audit Sections receive Original MRO from units/formations. These are adjusted by Audit Section concerned by proposing a transfer entry debiting the suspense head 'Remittances into bank/treasuries' and crediting the relevant service head. The suspense head 0/020 will be operated on (+) charge side and the service head will be operated on(-) charge or (+) receipt side depending on the nature of remittance.

Q. 7. Write notes on any TWO of the following:-

(4 Marks each)

- (i) Focal Point Branch
- (ii) Debt Head Register
- (iii) Schedule-III
- (iv) Vote on Account

Ans. (i) **Focal Point Branch** - Focal Point Branch (FPB) Scheme was introduced from

01.10.1993 to overcome delay/difficulty in receipt of scrolls from bank branches. The revised system was aimed at making reconciliation work faster and easier. Under this arrangement each Defence Accounting Circle (DAC) is accredited to one branch functioning as the Focal Point Branch at the same station. Other banks/branches send daily scrolls to FPB duly supported by challans/cheques. FPB in turn prepares daily scroll and sends the same to DAC and to SBI, GAD and RBI Link Cell at Nagpur. FPB also sends date wise monthly statement to DAC by 3rd of following month.

- (ii) **Debt Head Register(DHR)**- is maintained in Accounts Section to record all transactions relating to long term advances like House Building Advance, Car advance etc. Entries in this register are made based on copy of payment/recovery schedules received from concerned paying authorities. Monthly summary of DHR is tallied with monthly printed compilation of RDR Heads.
- (iii) **Schedule-III**- Schedule-III is prepared by ' Disbursement' Section. This contains complete details of payee, cheque number, date, amount, treasury on which the cheque is drawn and the voucher number of audit section. Copy of Schedule -III is sent to Accounts section for linking the same with paid cheques received from banks.
- (iv) **Vote on Account** - Pending approval of Parliament for 'Demands for Grant' vote on account is authorised by Parliament for the first one or two months of the ensuing financial year. Vote on account is normally 1/12th (for each month) of the estimated gross expenditure in the 'Demands for Grants'. This is authorised to enable expenditure on Salary and other obligatory charges.

Q.8. (i) Explain the five tier classification of defence service estimates.

(4 Marks)

(ii) Give two examples each of plan and non-plan expenditure.

(4 Marks)

Ans. (i) Five tier classification adopted in Govt. accounts is as under

Section	Sector	e.g.	Defence
Major Head	Function	e.g.	2076- Army
Minor Head	Programme	e.g.	101- Pay & Allowances
Sub-head	Activity	e.g.	B-P & A of ORs
Detailed Head	Object	e.g.	b-Ration Allowance

- (ii) Plan Expenditure - Allocations made for programmes/schemes approved by the Planning Commission. For example, Education and Health.
Non - Plan Expenditure - Allocation for Defence, Interest payments on Govt. loans.

Q.9. Explain the steps to be taken for safe custody of defence cheques.

(8 Marks)

Ans. **Safe custody of Defence cheques is ensured by -**

- (i) Cheques books/pads on receipt from Govt. Security Press will be counted and endorsed on outer cover
- (ii) Cheque books not in use are kept in safe custody
- (iii) Cheque books in use will be under safe custody of the Officer-in-charge 'D' section
- (iv) Confirming that cheque book is intact while handing over and tallying with last cheque form used previous day
- (v) Maintaining register for receipt and issue of cheques
- (vi) Cheque form found missing is immediately notified to all treasuries/banks advising them to refuse payment of such cheque.

Q.10. Distinguish between:

(2 Marks each)

- (i) Credit Scroll and Debit Scroll
- (ii) Capital Expenditure and Revenue Expenditure
- (iii) Voted Expenditure and charged Expenditure
- (iv) Fee and Honorarium

Ans. (i) Credit Scroll shows details of amount received in Govt. account. These scrolls are received in CDA office along with duplicate copy of MRO. Debit Scroll contains details of payments made against Defence cheques issued and are received along with paid cheques. Both scrolls are received from Focal Point Branch.

(ii) Expenditure incurred towards acquiring/creating new assets is treated as Capital Expenditure. Acquisition of weapons system, Aircraft etc. fall under this category. Expenditure incurred on maintenance of assets, Pay & allowances etc. is treated as Revenue Expenditure. Budget provisions for capital and revenue expenditure are approved under different grants and no re-appropriation between the two can be carried out without the approval of Parliament.

(iii) All expenditure, whether 'voted' or 'charged' require approval of Parliament. However, expenditure for which Parliament can discuss and vote are treated as 'voted' expenditure. Charged expenditure are those which are 'charged' on the Consolidated Fund of India are not amenable to vote of Parliament.

(iv) Honorarium refers to a recurring or non-recurring payment out of Consolidated Fund of India made to a Govt. servant as remuneration for special work of an occasional character. Fee, however, refers to a recurring/non-recurring payment to a Govt. servant from a source other than the Consolidated Fund of India.

Q.11. Which office of DAD is responsible for maintaining Provident Fund Accounts of the following:-

(2 Marks each)

- (i) Havildar of Artillery posted in Srinagar
- (ii) DSOP Fund in respect of a colonel posted at Mhow
- (iii) DRDO scientist posted in Bangalore

- Ans.** (iv) GREF officer posted at Gangtok
(i) PAO(ORs), Artillery, Nasik
(ii) CDA(Officers) Pune
(iii) CDA(R&D), New Delhi
(iv) PAO(GREF), Pune

Q.12. (i) What rules govern conduct and discipline of a Central Government employee?
(2 Marks)

- (ii) Give three examples each of major and minor penalties that can be awarded to a Central Government employee.
(6 Marks)

Ans. (i) Central Civil Services(Conduct) Rules, 1964

- (ii) **(a) Major Penalties**
(i) Dismissal from Service
(ii) Removal from Service
(iii) Compulsory Retirement

- (b) Minor Penalties**
(i) Censure
(ii) Withholding of Promotion
(iii) Withholding of future increments of pay

Q.13. Which section of a regional CDA's office is responsible for the following:-
(1 Marks each)

- (i) Scrutiny of contracts, amendments and deviation orders
(ii) Audit of S&S Imprest Accounts
(iii) Mess Maintenance Allowance Claims
(iv) Release of cash assignment to military farm
(v) Scale Audit
(vi) Super Review Reports
(vii) Issue of cheque books to cash assignment holders
(viii) Payment of cash requisition for pay and allowances of PBOR

- Ans.** (i) Engineering Section
(ii) Store Contract Section
(iii) Miscellaneous Section
(iv) Store Audit Section
(v) Pay Section
(vi) Financial Advice Section
(vii) Disbursement Section
(viii) Miscellaneous Section

Q.14. (i) What is included in MFAI? Who prepared it? To whom it is sent? **(4 Marks)**

(ii) What is Annual Audit Certificate ? To whom it is rendered and by what dates? **(4 Marks)**

Ans (i) Quarterly Report on Major Financial and Accounting Irregularities (MFAI) is prepared by Regional CDA. This report details irregularities on the Cash and Store Accounts observed during the course of audit. The report is sent to the GOC- in- C of respective Command.

(ii) Annual Audit Certificate is furnished annually by the CGDA to the Secretary (Defence Finance) certifying that no part of expenditure contained in Appropriation Accounts for the year has been incurred without the sanction of Govt. and detailing the exceptions exceeding Rs. 50000 in each case. This certificate given by the CGDA is based on similar certificates to be given by each CDA by 1st August each year.

Q.15. Explain the following stages involved in a procurement cycle:- **(2 Marks each)**

- (i) Tendering process
- (ii) Tender opening & CST
- (iii) TPC proceedings
- (iv) Role of IFA and CFA

Ans. (i) Tendering is an important stage in the procurement cycle wherein quotations/bids are obtained from prospective suppliers. Depending on the nature of the item to be procured , estimated cost and urgency of requirement, tenders are called on Open, Limited or Single Tender basis. The underlying objective kept in view is to ensure transparency in procurement and generation of competition.

(ii) On due date and time indicated in the Tender, all tenders received will be opened by a Board nominated for the purpose. Tenderers are also permitted to be present at the time of opening of tenders. All the Board members sign with date the tenders received. Thereafter, a Comparative Statement of Tenders (CST) is prepared by the Board after analysing the bids received and the lowest bid received is highlighted. CST is signed by all the Board members.

(iii) Tender Purchase Committee(TPC) as constituted will examine the bids received and make recommendations to the Competent Financial Authority(CFA) regarding acceptance or otherwise of the bids. The deliberations of the TPC are minutised and signed by all the members. TPC also examines the technical suitability of the bids received based on recommendations of technical experts. Representative of IFA/CDA is required to be included as a member of the TPC.

(iv) Role of Intergrated Financial Advisor(IFA) is to advise the CFA on the acceptance or otherwise of the procurement proposal with or without the recommendation of the

TPC in respect of procurement cases which are under the delegated powers of the CFA. CFA accords approval to the procurement proposal. He can disagree with the advise of the IFA with reasons to be recorded in writing.

**Q.16. (i) Under Official Language Act, the following States fall under which category:-
(4 Marks)**

- (a) Himachal Pradesh
- (b) West Bengal
- (c) Maharashtra
- (d) Karnataka

(ii) In the Parliamentary Official Language Committee, how many members are nominated from Lok Sabha and Rajya Sabha ?

(2 Marks)

(iii) A letter has been received in a DAD office in Region 'C' in Hindi from a DAD office in Region 'A' Can reply to this letter be sent by that office in Region 'C' in English?

(2 Marks)

Ans. (i) (a) Category 'A'
(b) Category 'C'
(c) Category 'B'
(d) Category 'C'

(ii) Parliamentary Official Language Committee has 30 members of those, 20 are from Lok Sabha and 10 are from Rajya Sabha.

(iii) May be in Hindi or in English

**Defence Accounts Department
S.A.S. Examination – Part I**

February, 2004

**Paper II (With Books)
General Principles and Procedures of Accounting and Audit**

Time Allowed: 3 Hours

Total Marks : 100

Notes:-

- (1) Candidates should not attempt more than TWELVE questions.
 - (2) Each question carries EIGHT marks. FOUR marks are for general excellence.
 - (3) Answers to all parts of a question should be written at one place.
 - (4) Authority for your answers should be quoted.
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Q.1. (a) Outstanding HBA of a senior auditor who died prematurely was recovered from D.C.R.G. Interest on the advance was calculated till the date of payment of D.C.R.G. to the family. Comment.

(2 Marks)

(b) What is 'Vote on Account'? Can the expenditure be utilized on a new service?

(2+1=3 Marks)

(c) 'X', an officer of the DAD, who is his own Controlling Officer, died while in service. His family, comprising his widow and two children, applied for an advance of TA to proceed to their home-town. Comment on its admissibility, and who can sanction it if admissible ?

(3 Marks)

Ans. (a) Recovery of outstanding advance of HBA due to premature death of a senior auditor is in order.

Interest should be recovered only up to the date of death of the Govt. servant, and not beyond that.

(Auth: G.O.I Decision No. 1, under Rule 182 G.F.R.)

(b) Pending the completion of the procedure prescribed in Article 113 of the constitution, for passing of the Budget the Finance Ministry may arrange to obtain a 'Vote on Account' to cover expenditure for one month or such longer period as may be necessary in accordance with the provisions of Article 116 of the constitution.

Expenditure cannot be incurred on a 'New Service'

(Auth: Rule 60 GFR and GOI Decision there under)

- (c) The advance is admissible only to one member of the family of the deceased Govt. servant on behalf of all. He/She should be the widower/widow or any member of the family, within the definition of the term 'Family' who is major and of sound mind.

Head of Department may sanction such an Advance.

(Auth: GOI Decision No.1 and 3, under Rule 265 GFR)

- Q.2.** (a) In a Controller's office, a cheque issued on Civil Treasury/Bank, requires to be cancelled and a fresh one in lieu to be issued. How will this transaction be reflected through P.M.?

(2 Marks)

- (b) How are errors, discovered in P.M. after its dispatch to E.D.P., rectified?

(2 Marks)

- (c) How are the transactions, which come to light after the closing of Accounts in March. (Supplementary Correction) to be dealt with?

(4 Marks)

- Ans.** (a) When a cheque is cancelled and a fresh one issued in lieu, a class I voucher should be prepared as under:-

P.M.

(+) R

(+) C

Credit-----C.B. 0/020/81.....

(Auth: Para 21(b)(i) of OM Pt. XI)

- (b) Error discovered in Punching Medium should be amended as Follows:-

(i) A Transfer Entry (Class 2 Voucher) should be put up writing back the wrong classification and showing Correct one, and dispatched to DDP Centre in usual manner.

(ii) Other Errors and corrections should be intimated to DDP Centre/EDP Centre by Memo.

(Auth: Para 29 of OM Pt. XI)

- (c) No P.M. for manual correction is prepared as the accounts are finally closed in the accounts of March(Supplementary Corrections). However only inescapable and important transactions of large magnitude(say Rs 1,00000 and above)

coming to light after closing of Accounts of March (Supplementary Corrections) and which are obtaining specific sanction of C.G.A. Therefore CsDA will ensure that the PM of very important and unavoidable transactions of large magnitude only should be proposed under the personal orders of the CDA which should reach CGDA office before the fixed date, which is generally end of July of each year.

(Auth: Para 32(iii) of OM Pt. XI)

Q.3. (a) Who is responsible for raising debits for Leave Salary and Pension Contributions in respect of IDAS Officers on deputation or Foreign Service to other Departments, Govt. Bodies, Corporations etc.?

(2 Marks)

(b) Under what circumstances is IAF (CDA-13) to be used and what are the safeguards prescribed to prevent its misuse?

(4 Marks)

(c) Cheque issued by G.E. from cash assignment was lost and a fresh cheque, in lieu of the lost cheque, was issued by G.E. after obtaining Indemnity Bond. Comment.

(2 Marks)

Ans (a) In the case of IDAS Officers on deputation on foreign service to other Depts, Govt Bodies, Corporations etc, for whom Leave salary and Pension Contributions are payable The CDA(Army) Meerut will be centrally responsible for:

(i) Raising debits against Civil Accountant General concerned in case of Officers on deputation to other Depts, Govt Bodies etc, and

(ii) For effecting cash recoveries in the case of officers on Foreign Service to Corporations and Govt. Bodies.

(Auth: Note under Para 141 of OM Pt. II Vol.I)

(b) IAF(CDA-13) should be issued only for cases of fresh cheques in lieu of those lost in transit with the prior approval of CDA/Jt. CDA. These forms should be kept under the personal custody of GO(AN) who should ensure that these forms are issued only for genuine purposes and the requisition from the concerned GO duly supported by approved Office Note.

At the end of each month the payment of Bills made through DV Numbering Registers will be counter checked with the Bills Noted in the Bill Diary Sheets and IAF(CDA-13) Registers by a nominated GO so that cases of unauthorized payment, if any made through the DV Numbering register are detected. Any discrepancy in this regard will be immediately reported to Jt. CDA/CDA through GO. A certificate to the effect that this counter check has been carried out, including the results thereof, will be submitted to the CDA by 10th of the

following month, by each Section.

(Auth: Para 154 C of OM Pt. II Vol-I)

- (c) Issue of Cheque by GE in lieu of lost cheque is not in order. Such cheque will be issued by Main Office direct on receipt of NPC from A/C Section and acceptance of Indemnity Bond, where necessary, by DAD Officers.

(Auth: Note under Para 193 of OM Pt II Vol-I)

Q.4 (a) What is Suspense Account? How is its clearance watched?

(4 Marks)

- (b) What are the points to be observed while adjusting I.D. Schedule in a Controller's office?

(4 Marks)

Ans. (a) Suspense Account.

Receipts and Payments which cannot, in the absence of full particulars be allocated to any Head of Acct, or when the Heads to which the transaction are to be adjusted are not known, will be compiled under the Head 'Suspense Acct' vide Para 244 of Defence Account Code.

In order to watch the clearance of the transactions under this lead, two separate Broad Sheets, one for Credits and their Clearance, and the other for Debits and their clearance will be maintained on IAFA-525 & IAFA-195 respectively.

(Auth: Para 167 OM Pt. II Vol.I and Para 244/245 Defence Accounts Code)

- (b) While adjusting the ID Schedule the responding Controllers should carefully observe the following:

(i) Each Schedule should be treated and responded separately.

(ii) Response should not be passed on to the controllers other than the one who raised the original items.

(iii) A plus Debit/plus credit should be responded to by a plus Credit/plus debit and minus debit/minus credit by a minus Credit/debit.

(iv) Except in cases of MES where ID Schedules are adjusted through a monthly PM the ID schedules should never be adjusted through a Class 2 Class 4 vouchers.

(Auth: Para 226 OM Pt.II Vol.I)

Q.5. Comment on the following:

- (a) Expenditure in excess over modified allotment, under locally controlled head, detected after the close of the year, was brought to the notice of local authorities by the CDA, who sought an additional allotment to regularize the excess over

allotment.

(4 Marks)

- (b) A Controlling Officer, during the course of review of progress of expenditure under various heads, found that funds allotted to 'Charged Expenditure' the progress of expenditure was Nil. He re-appropriated the same to voted items of expenditure where the expenditure was high.

(2 Marks)

- (c) Central Controlling Authority re-appropriated savings of funds to locally controlled head to meet the expenditure on a new service not included in the budget.

(2 Marks)

- Ans.** (a) On receipt of such report from CDA, local authorities will report all such cases with full explanation for excess to their controlling Authority at Armed forces HQ through the CDA concerned. When this has been done, CDA can remove his objections to the excess. Calling for additional allotment is not required.

(Auth. Rule 120 of FR Pt I Vol.I)

- (b) No re-appropriation is permissible between funds allotted for 'charged' items of expenditure and 'Voted items of expenditure.

(Auth. Rule 118(viii) of FR Pt.I Vol-I)

- (c) Sanction of the Govt. of India is required for re-appropriation to meet expenditure on any new activity.

(Auth. Rule 118(XI)(C) of FR Pt. I Vol.I)

- Q.6.** (a) A Govt. servant subscribing to GPF has executed his nomination to GPF accumulation in favour of his child given in adoption to another person even though he has other family members available for nomination. Can the nomination so executed be accepted?

(3 Marks)

- (b) Wife and nominee of a subscriber to GPF remarried before the receipt of Provident Fund money of her late husband. Head of Office disqualified her from receiving the payment of PF balance of the subscriber, stating that the nomination made by the subscriber is Null and Void consequent on her remarriage. Comment on the action of the Head of Office.

(2 Marks)

- (c) In the case of subscriber to GPF(DS) no nomination in favour of any existing members of the family exists. The deceased is survived an only son who has attained majority. Can the GPF(DS) accumulations be paid to his son ?

(3 Marks)

Ans. (a) When a subscriber has given his child in adoption to another person, and if under the personal law of the Adoptee, the adoption is legally recognized as conferring the status of a natural child, then such, for the purpose of the Provident Fund Rules, should be considered as excluded from the family of the natural father. Hence nomination cannot be accepted.

(Auth: Note under Para 47 of OM, Pt V)

(b) Subsequent remarriage of a widow(wife and nominee), of a subscriber does not disqualify her from receiving payment of PF Money of her Late husband.

(Auth: Note 2 under Para 49 of OM Pt. V)

(c) In this particular case amount can be paid to son of deceased who has attained majority.

(Auth: Para 216 of OM, Pt V)

Q.7. (a) How are the events in the service of an Army Officer communicated to CDA(O)?

(3 Marks)

(b) How are double payments on recurring charges claims of Units and Formations avoided?

(3 Marks)

(c) A Controller authorized provisional payment in a case where there is no Authority. Comment.

(2 Marks)

Ans. (a) All the events in the service of an officer affecting his promotion, pay & allowances, etc, are notified to CDA(O), by the administrative authority as follows:-

(i) Daily Part -II Orders published by the OC of the Unit/Formation on the strength of which the concerned officer is borne.

(ii) Gazette Notification.

(Auth: Para 142 of Defence Audit Code)

(b) To avoid double payments, Recurring Charges will be linked with the previous charges and audited. A suitable entry should be prominently made in the Last Charge regarding the fact of the payment of the Next Charge at the time of Audit thereof indicating also the No: and date of the Voucher, the Amount involved, and the month to which the charges pertain, and under the initials of the auditor and SO(A).

(Auth: Para 271 of Defence Audit Code)

(c) Not in order. The Controllers can not authorize any provisional payment where

there is no Authority.

(Auth: Para 56 Defence Audit Code)

- Q.8.** (a) What is the criteria for classifying 'Capital Expenditure'? **(3 Marks)**
- (b) Jt. CDA(F) Meerut has written off the outstanding amount of Rs.100 under head 'Provident Fund Suspense'. Is this in order? **(2 Marks)**
- (c) Expenditure incurred on Army Ordnance and Clothing Factories and the expenditure incurred by the Army for the Navy and Air Force, and vice versa, are debitible to the heads pertaining to the Factories or the Arms of Service for which the expenditure is incurred. What is the exception? **(3 Marks)**

- Ans.** (a) The Central and State Govts. should prescribe definite criteria for classification of an item of expenditure as pertaining to Revenue or Capital taking into account the nature and magnitude of expenditure involved. The source of financing, (whether Revenue Budget or Capital Budget), should follow this classification. In Defence, expenditure on procurement of items costing Rs. 2 Lakhs or more,(each) and which have a life of 7 years or more, which are required for modernization program, is debited to Capital Budget.

(Auth: Para 52(i) of Defence Accounts Code)

- (b) Action of Jt. CDA(F) Meerut is in order
(Auth: Note 1(B) under Rule 53 Defence Accounts Code)
- (c) Expenditure on Engineering services required for the army is charged as Military engineering Services expenditure under the Army Head. Similar expenditure incurred for Ordnance Factories, the IAF, or Navy is classified under respective heads relating to the Ordnance Factories, the IAF or the Navy.

(Auth: Example under Para 34 Defence Account Code)

- Q.9.** (a) Admin Pay Section of a Controllers' Office returned the orders of a Civil Court, in respect of one SAO, with the remarks that his pay cannot be attached. Comment on the action of Admin Pay Section. **(4 Marks)**
- (b) Can an employee of Defence Accounts Department sit as a member of a Military Court of Inquiry? **(2 Marks)**
- (c) A Senior Auditor in DAD requested for issue of Certificate of Service. Comment. **(2 Marks)**

Ans. (a) Action by Admin/Pay is not correct. If the pay of any Gazetted Officer is attached by the orders of the Civil Court, the fact must immediately be reported to the CGDA together with the explanation of the officer.

(Auth: Para 487 of OM Pt.I)

(b) Employees of DAD cannot sit as a member of Military Court of Inquiry.

(Auth: Para 490 OM Pt.I)

(c) Certificate of Service may be granted to Non Gazetted Personnel on application.

(Auth: Para 481 OM Pt.I)

Q.10 (a) Who is the Competent Authority to impose minor penalty in respect of a Senior Auditor working in M Section of a Regional CDA? Who is the appellate authority?

(3 Marks)

(b) Some irregularities in the passing of a bill were detected after one year of passing the bill in Medical section of a Controller's Office. How can we identify the individual who has committed the irregularity?

(2 Marks)

(c) An Auditor who was transferred from one Section to another was asked to prepare a Handing-Over and Taking-Over Report. He refused to do so stating that the report is not required to be submitted by the Auditor. State the rule position.

(3 Marks)

Ans. (a) JCDA.CDA

(Auth: Para 331 OM Pt.I, and Schedule B Chap. VI of OM Pt.I) Pg 97)

(b) From the Register showing the names and initials of Section Officers(A/C), Auditors and Clerks.

(Auth: Para 499 of OM Pt.I pp 142, 143)

(c) At the time of change in incumbancy in the post of Clerk and upwards up to the level of Group Officers, 'handing and taking over Report' is to be prepared in Appx. A to Para 381 of OM Pt.I, which may be modified as per requirement of local conditions.

(Auth: Para 381 of OM Pt. I Pg 114)

Q.11. Comment on the following:

(a) Arrears of HRA has been claimed through regular pay bill.

(4 Marks)

(b) Col 'X' of HQ Western Command has sanctioned the airlift of a civilian from

Jammu to New Delhi on urgent medical reasons.

(2 Marks)

- (c) Claim for grant of pension in respect of a cadet serving at Vishakapatnam has been forwarded to CDA(N) for sanction of pension.

(2 Marks)

Ans. (a) Incorrect. To be claimed separately duly linked with the paid DV or the reference of the MRO w.r.t. which it was credited to Govt. Arrears of pay will not be drawn in regular monthly Pay bills.

(Auth: Para 78, OM Pt.II and Para 361 of OM Pt.II pp 54)

- (b) Incorrect. The sanction can be accorded by an officer of the rank of a Brigadier and above only.

(Auth: Para 647 OM Pt.II and Para 246 Defence Audit Code)

- (c) CDA(N) Mumbai is the Competent Authority to sanction the pension claim/gratuity of the Naval personnel. Therefore the action is correct.

(Auth: Para: 383, Defence Audit Code pp 125)

Q.12. (a) A second bicycle advance was paid to an individual after two years of the drawal of the first advance. Is it correct?

(3 Marks)

- (b) Can a Festival Advance be paid to a Staff Member while on Maternity Leave?

(2 Marks)

- (c) When no representative of the ASC is present with the Transport Animals, forage for them has been purchased by the Regimental Transport Officer. Comment.

(3 Marks)

Ans. (a) Advances are not paid within three years of the grant of a previous advance for the same purpose unless satisfactory evidence is produced by the Govt. Servant concerned to the effect that the bicycle purchased with the earlier advance has been lost or has become unserviceable.

(Auth: GOI decision No. (1) under Rule 213 GFR)

- (b) Yes

(Auth: Rule 237, GFR, pp 177)

- (c) Correct

(Auth: Para 169 of FR Pt II, pp 94)

Q.13. (a) How are Regimental Cuttings effected from Personnel below Officer Rank?

(2 Marks)

(b) Mr. 'X' was transferred from Kolkata to Delhi. On arrival at Delhi, he requested for an advance of pay. Can he be paid an advance of pay?

(2 Marks)

(c) What is the procedure to be followed in case of permanent transfer of a subscriber from one audit area to another within the Defence Services where Fund Account are maintained by another Accounts Officer?

(4 Marks)

Ans. (a) The OC Unit will realize Regimental Cuttings from the individuals at the pay table, and credit the amount to relevant Fund account.

(Auth: Para 139 FR, Pt.II 1968 Edition. Pg 78)

(b) Yes. He can be paid, on production of LPC, provided that no advance of pay has been drawn from the previous Station.

(Auth: Note-2 under Para 191 V of FR Pt.II pg 109)

(c) The individuals are admitted afresh to the fund by the new Accounts Office and fresh Account Number allotted except in respect of GP Fund DS.

(Auth: Para 234 OM Pt. V Pg 33)

Q.14. (a) What are the three controls in a Parliamentary setup to control the financial administration of a State? Describe briefly.

(4 Marks)

(b) What are the three principle processes involved in every payment of money on Govt. Account in regard to audit of expenditure?

(4 Marks)

Ans. (a) (i) Legislative control is exercised in two stages:-

(a) At Policy making

(b) Controlling the implementation of the policy.

(ii) Administrative control by carrying out policies acceptable to the legislature.

(iii) Audit Control.

(a) Fiscal accountability.

(b) Managerial accountability.

(c) Programme accountability

(Auth: Para 3.2,3.3,3.4 Introduction to Indian Govt. Account And Audit Pg.11)

(b) (i) Submission of Claim

(ii) The disbursement of the money claimed

(iii) The incorporation of transaction in the account.

(Auth: 20.1 Introduction to Indian Govt. Account and Audit)

Q.15. (a) What is appropriation audit? Who exercises this audit?

(4 Marks)

(b) What is a short-term agreement in regard to supplies and services required by a Govt. department? Can this be concluded with unregistered contractors?

(4 Marks)

Ans. (a) The Controllers of Defence Accounts are required to exercise Appropriation Audit in respect of the expenditure compilable to locally controlled heads. Appropriation Audit is conducted in two Stages;

(i) Sanction audit is audit of orders of allotment of funds and re-appropriation.

(ii) Expenditure audit is audit of Expenditure against allotments.

(Auth: Para 90 & 91 Defence Audit Code pp 34)

(b) (i) In an emergency when conclusion of regular contract is not feasible.

(ii) When uneconomical rates are tendered and ring of contractors is suspected

(iii) As an interim arrangement when sufficient time is not available to conclude a regular contract.

(iv) Yes

(Auth: Para 305, Defence Audit Code pp 92)

**Defence Accounts Department
S.A.S. Examination – Part I**

February, 2004

Subject: Paper III – CODES AND MANUALS – PRACTICAL (With Books)

Time Allowed: 3 Hours

Total Marks : 100

Note:-

- (1) Only TWELVE questions should be attempted – FOUR from Section I and EIGHT from Sections II, III, IV or V as the case may be.
 - (2) Candidates permitted to answer questions from Factories, Air Force and Navy portions should answer any 8 of the 12 questions from Sections III, IV or V respectively in addition to the Four questions from Section I. Others should answer any 8 questions from Section II.
 - (3) Each question in Section I carries 9 marks. Questions in Sections II, III, IV and V carry 8 marks each.
 - (4) Answers to questions in Sections II, III, IV or V must be written in separate answer books.
 - (5) Questions should not be split up. Answer to all parts of a question should be written together at one place only.
 - (6) Answers should be precise and authority should be quoted.
-

**SECTION I
(Common to ALL CANDIDATES)**

- Q.1.** (a) A Garrison Engineer intends to accept a tender other than the lowest, conclude the contract on the standard form and then send it to the CDA for scrutiny. He seeks your advice as regards the propriety of the action. What advice would you render?
(3 Marks)
- (b) From which source documents are the entries made in the Abstract of Receipts & Charges?
(3 Marks)
- (c) Why is it necessary to post the 'liabilities' in the Construction Accounts?
(3 Marks)

Ans. (a) The GE should be advised to consult the CDA before concluding the contract.
(Auth: Para 77 of the Manual of Instructions relating to the procedure of work in the Accounts section of the MES Formation.)

- (b) Transfer vouchers, DID Schedules, Adjustment vouchers, Transfer Entries and

cash vouchers.

(Auth: Para 101 of the Manual of Instructions relating to the procedure of work in the Accounts section of the MES Formation.)

- (c) It is essential in order to know the financial position of the work at any point of time.

(Auth: Para 105(h) of the Manual of Instructions relating to the procedure of work in the Accounts section of the MES Formation)

- Q.2.** (a) How is the clearance of amounts compiled to the head “Transfers between MES Officers” watched by the ‘E’ Section of a Regional Controller’s office?

(6 Marks)

- (b) Why is it important that the head “Transfers between MES Officers” closes with a nil balance every financial year?

(3 Marks)

- Ans.** (a) A Statement showing details of amounts compiled to this head is received in the E Section along with the Punching Medium from the AAOs GE. The transactions adjusted during the month by both the Divisions concerned are linked in the statements and those, which are in adjustment of the transactions of the previous months, are linked in the Progress Register (IAFA 742) to be maintained by the Section. All unlinked items are transcribed in this Register. Statements of unlinked items are dispatched every month to the AAOs GE concerned for necessary action and the their adjustment watched.

(Auth: Paras 86, 87 & 88 of the Office Manual Part-VIII (Manual of instructions and procedure for the MES works dealt with in Controller's offices)

- (b) This head is used for the purpose of transfer of charges or receipts from one MES formation to another within the same Defence Accounts Audit Area. Therefore, any outstanding item under this head at the end of the year would imply that the amount involved in the transaction is not reflected in the accounts of either the transfer or the transferee.

(Authority: Para 85 of the Office Manual Part VIII (Manual of instructions and procedure for the MES works dealt with in Controller's offices)

- Q.3.** Answer the following: (each 1½ Marks)

- (a) Are the original and duplicate copies of the contracts concluded by the CWE forwarded directly to the CDA or through the AAO GE for scrutiny?
- (b) Who can fix a “star rate”?
- (c) For refund of a security, lodged for a particular contract, is the contractor required to apply to the C.D.A. concerned or to the Accepting Officer?

- (d) Where the amount of security deposit is deducted from the contractor's bill, should the contractor's receipt be for the gross or the net amount of the bill?
- (e) If there has been an unusual rush of expenditure in the month of March, should it be mentioned in the Annual Review of the ME.E.S. expenditure?
- (f) Why is the Monthly Expenditure Return received in the Controller's office compared with the Return for the previous month?

- Ans.**
- (a) Directly
(Auth: Para-23 of the Office Manual Part-VIII(Manual of instructions and procedure for the MES works dealt with in Controller's offices)
 - (b) An officer empowered to accept a contract is also competent to fix star rates
(Auth.Para-30 of the Office Manual Part-VIII(Manual of instructions and procedure for the MES works dealt with in Controller's offices)
 - (c) Accepting officer
(Auth: Para 39(a) of the Office Manual Part VIII(Manual of instructions and procedure for the MES works dealt with in Controller's offices)
 - (d) Gross
(Auth: Note 1 below Para 62 of the Office Manual Part-VIII (Manual of instructions and procedure for the MES works dealt with in Controllers' offices)
 - (e) Yes, in Statement 'E'
Auth: Para 127 of the office Manual Part VIII (Manual of instructions and procedure for the MES works dealt with in Controller's offices)
 - (f) To ensure that the expenditure already incurred has been carried forward in the Return for the current month.
(Auth: Para 148 of the Office Manual Part VIII (Manual of instructions and procedure for the MES Works dealt with in Controller's office)

Q.4. Comment on the following:

- (a) A Station Commander sanctions special works within the limits of financial powers delegated to him for conversion of open balconies of JCO's married accommodation into covered sitting rooms as an experimental measure.
(3 Marks)
- (b) A Corps Commander accepts necessity for a major work on the basis of indication of cost and engineer appreciation for Rs.80 lakhs. The approximate estimate prepared subsequently is for Rs.91 lakhs.
(3 Marks)

- (c) A temporary accommodation is to be built on hired land. For the purpose of determining the financial authority competent to sanction the work, the cost of the project is worked out without taking into account the compensation payable to the owner of the land but by taking into account the rent payable for a period of three years for which the temporary accommodation is expected to be in use.

(3 Marks)

Ans. (a) This is not in order, as it would have the effect of introducing a new prative and changing the scale for accommodation.

(Auth: Para 122(b) of the MES Regulations)

- (b) Since the approximate estimate exceeds the amount for which the necessity was accepted by more than 10% revised acceptance of necessity will have to be obtained from the CFA.

(Auth: Para 129 of the MES Regulations)

- (c) Initial compensation should have been taken into account. The rent is also to be taken into account, but only for the first year.

(Auth: Para 134 of the MES Regulations)

Q.5. Comment on the following:

- (a) Liability for payment in the next financial year is incurred in respect of a maintenance service during the last financial quarter.

(3 Marks)

- (b) A second revised estimate is not submitted to the Army Commander in respect of a project sanctioned by him on the plea that the completed cost of the project would be within 10% of the revised estimate sanctioned by him.

(3 Marks)

- (c) Technical sanction in respect of a work, to be carried out by a specialist firm on the basis of its own design, is not issued on the plea that the design submitted by the firm forms part of the contract.

(3 Marks)

Ans. (a) This would be in order if the liability is incurred upto the average quarterly appropriation for the current year.

(Auth: Para 183 of the MES Regulation)

- (b) This is not in order as no excess is allowed over a revised estimate as a whole and should fresh circumstances arise which render it necessary to exceed it, another revised estimate should be submitted for approval by the CFA.

(Auth: Para 195 of the MES Regulations)

- (c) This is not in order. The Technical sanction should be issued in a situation like

this on the basis of the accepted design on receipt of the tender but before the acceptance of the contract.

(Auth: Para 202 of the MES Regulations)

Q.6. (a) A deposit work, to be executed by the MES, entails employment of a number of specialists, not in the employ of the MES, as also use of special Tools & Plants, to be purchased by the MES specifically for executing the work. What effect will this have on determination of the departmental charges?

(3 Marks)

(b) On completion of an original work or special repairs, a completion report is required to be prepared on IAFW 2266A. How many parts does this report consist of and at what stages are these parts initiated?

(3 Marks)

(c) A project has been abandoned immediately after procurement of stores but before creation of any tangible asset because of the change in priorities. How will the expenditure incurred on the project dealt with?

(3 Marks)

Ans. (a) In this situation, departmental charges on account of establishment(13%) and T&P (1½%), in terms of Para 310 of the MESR, read with Table H, will be levied on the net cost i.e. exclusive of special establishment and special T&P. However, audit charges will be levied on the total cost.

(Auth: Para 311 of the MES Regulations)

(b) The completion report consists of two parts: Part A and Part B. Part A of the report is initiated by the GE as soon as the work is physically complete. Part B of the report is initiated as soon as the accounts of the work have been closed.

(Auth: Para 379 of the MES Regulations)

(c) The expenditure will be treated as in fructuous and regularized as loss by the CFA vide Rule 161 of FR Part I Vol. I However, receipt from disposal of stores will be credited to the project in order to arrive at the net amount of loss.

(Auth: Para 377 and Para 607 of the MES Regulations)

SECTION II

(For candidates other than those from Factories, Air Force and Navy)

Q.1. Answer the following:

(a) When can an Ordnance Depot issue stores on payment to a foreign government?

(2 Marks)

(b) Issue of samples by an Ordnance Depot to disposal authorities is treated as loan

issue or free issue?

(2 Marks)

- (c) Are the Units/Formations required to submit indents to the Vehicle Depots for issue of vehicles? If not, on what authority do the Vehicle Depots issue vehicles to them?

(2 Marks)

- (d) How much POL can be issued to unfit vehicles?

(2 Marks)

Ans. (a) When the Ministry of External Affairs sponsors the demand.
(Auth: Para 30(c) of the Stores Accounting Instructions)

- (b) This is treated as free issue and regular vouchers are prepared and disposed of in the normal manner.

(Auth: Para-33 of the Stores Accounting Instructions)

- (c) Units/Formations are not required to submit indents. Vehicles are issued on the authority of the issue orders and stock transfer orders issued by the Army Headquarters.

(Auth: Para 57 of the Stores Accounting Instructions)

- (d) Up to the approximate quantity required to get them to their destination.

(Auth: Para 72 of the Stores Accounting Instructions)

Q.2. Answer the following:

- (a) How is the amount on account of payment issue of ordnance stores to an officer recovered and credited to the government account? Can the demand be intimated to CDA(O) for recovery?

(2 Marks)

- (b) How and when is the motor spirit in the tank of a vehicle checked?

(2 Marks)

- (c) Is the fact of change of driver required to be recovered in the Vehicle Log Book?

(2 Marks)

- (d) In what terms is the POL consumption of static plants, such as compressors accounted for?

(2 Marks)

Ans. (a) The demand cannot be intimated to the CDA(O). All such issues have to be made on prepayment and the amounts realized must be credited to the Government through the public fund account of the unit.

(Auth: Para 132 of the Stores Accounting Instructions)

(b) It is checked on the last day of the month by filling the tank to the maximum capacity and the result is recorded in the car diary.

(Auth: Para 142(f) of the Stores Accounting Instructions)

(c) Yes

(Auth: Para 141 of the Stores Accounting Instructions)

(d) In terms of litres(gallons) per hour and not kilometers(miles) per litre(gallon).

(Auth: Para 149(a) of the Stores Accounting Instructions)

Q.3. (a) A Brigadier using a service vehicle (staff car) asks his staff officer to sign the car diary. Comment.

(2 Marks)

(b) The hospital stoppages, recovered by a Military Hospital from the civilian patients admitted to the hospital under the special sanction of the Officer Commanding, are being credited to the Regimental Fund. Comment.

(2 Marks)

(c) What does the Trading Account of the Military Farms consist of and who prepares the consolidated account on all India basis?

(2 Marks)

(d) Who prices the vouchers in respect of dairy produce supplied by the Military Farms to army units and formations?

(2 Marks)

Ans. (a) This would be in order if the Brigadier was accompanied by the staff officer while using the car.

(Auth: Para 142(b) of the Stores Accounting Instructions)

(b) This is not in order. These amounts so realized are to be deposited in the nearest civil treasury by means of receivable orders to be created to the Defence Services Estimates.

(Auth: Para 164 of the Stores Accounting Instructions)

(c) The Trading Account of the Military Farms consists of trading account, Renewal Reserve (RR) fund account and balance sheet. This is prepared by the CGDA's office.

(Auth: Para 199(b) of the Stores Accounting Instructions)

(d) The Military Farm itself.

(Auth: Para 204(a) of the Stores Accounting Instructions)

Q.4. (a) Can an authority, competent to write off a loss, use its discretion to dispense with holding of a court of inquiry if the loss is on account of neglect?

(2 Marks)

- (b) In a case of loss of stores in transit, the Railway authorities admit the consignor's claim in part. How will the loss be regularized?
(2 Marks)
- (c) A stockpile of explosives, for which no age limit was fixed, was found to be unserviceable on test by the inspecting ordnance officer. However, in his test report, the inspecting officer had mentioned that it could not be said conclusively that the un serviceability of the stores was not due to unsatisfactory storage conditions. Is a loss statement required in this case?
(2 Marks)
- (d) Is the only way to dispose of surplus stores is through sale to the public?
(2 Marks)

- Ans.** (a) Yes, provided the reported loss is for an amount of less than Rs. 10,000
(Auth: Para 241(d) of the Stores Accounting Instructions)
- (b) The residual loss, i.e. the amount of claim preferred minus the amount admitted by the Railway, will be treated as store loss and regularized on loss statement by the financial authority competent to sanction the net amount of loss.
(Auth: Para 249(b) of the Stores Accounting Store)
- (c) Yes, because it is only when the inspecting officer certifies that the un serviceability of the stores is not due unsatisfactory storage conditions that the loss statement is not required to be prepared.
(Auth: Para 254(h) of the Stores Accounting Instructions)
- (d) No, These could be transferred to other departments of the Central or State Governments or sold to other Commonwealth and foreign governments.
(Auth: Para 258 of the Stores Accounting Instructions)

- Q.5.** (a) What action is a Local Audit Officer required to take when he notices discrepancies while pairing the "foils" and "counterfoils" of credit notes and is unable to settle the discrepancies locally?
(2 Marks)
- (b) Is there any category of civilians whose service books must be included in the section by the Local Audit Officer while selecting the service books of the civilian establishment working with the units and formations for test check?
(2 Marks)
- (c) Can a Local Audit Officer redraw the list of auditable documents? If so, whose approval would be required?
(2 Marks)
- (d) A Local Audit Officer advises the Station Commander to ensure that Carter Patterson system is followed for delivery of letters, claims and bills to the Area

Accounts Office. Comment.

(2 Marks)

- Ans.**
- (a) The matter has to be reported to the Principle Controller of Accounts(Fys)
(Auth: Para 456 of ALAM Part I Vol.I)
 - (b) He should ensure that service books of all individuals due to retire within three years following the date of audit are included in the selection for test check within the prescribed percentage.
(Auth: Para 464 of ALAM Part I Vol I)
 - (c) Yes, the Local Audit Officer can redraw the list the approval of the PCDA/CDA.
(Auth: Para 11 of ALAM Part I Vol-I/Para 12 ALAM Part-II)
 - (d) This is a perfectly valid advice
(Auth: Para 310(vii) (B) (1) &(2) of ALAM Part I Vol.I)

- Q.6.**
- (a) While carrying out audit of a Cantonment Board, the Local Audit Officer finds that a tender for supply of certain stores was accepted at rates higher than the lowest quoted on the basis of a resolution of the Board, which did not specify any reason for accepting the tender. Should he object to this in audit?
(2 Marks)
 - (b) A Cantonment Board detects decrease in its income due to possible leakage of revenue by fraud. The Board passes a resolution for instituting a special investigation and solicits the assistance of the Local audit Officer. Comment.
(2 Marks)
 - (c) Is it in order for the local audit staff to object to overdrawal of rations in a particular month even if it is to make good inadvertent underdrawal by the Unit in the earlier months?
(2 Marks)
 - (d) Considering that the number of vehicles held by the Armed Forces at any point of time would generally be within the authorized limit, would it be in order for local audit staff to object to a Unit holding on charge vehicles in excess of those authorized in P.E./W.E.?
(2 Marks)

- Ans.**
- (a) Yes, The Board's resolution accepting the higher tender must contain a statement of the reasons which led the Board to accept the rates other than the lowest quoted.
(Auth. Para 396 of ALAM Part I Vol.I)
 - (b) Local Audit Officer can be associated with such an investigation but this has to be authorized by the CDA
(Auth: Para 361 of ALAM Part I Vol.I)

(c) Yes

(Para 283 (VII) of ALAM Part I)

(d) Yes,

(Auth: Para 310 (iii) (a) of ALAM Part-I Vol.I)

Q.7. (a) In how many batches are the schedules relating to payment of defence pensions sent by the civil treasuries to the PCDA(P) and when are these batches required to be dispatched?

(2 Marks)

(b) Compiled actuals upto which month are taken into account while preparing Preliminary Revised Estimates, Revised Estimates and Modified Appropriation in respect of Pension Budget?

(2 Marks)

(c) What is the arrangement for providing cash to the Defence Pension Disbursing Officers for payment of pension in cash?

(2 Marks)

(d) The original copies of the Corrigenda Pension Payment Orders for Service Pension in respect of PBOR are sent to the Pension Disbursing Authorities directly or through the Record Offices concerned?

(2 Marks)

Ans. (a) The schedules are required to be dispatched to PCDA(Pensions) in two batches. The first batch is to be dispatched on the 11th of the month and the second on the first of the following month.

(Auth: Para 16 of the Office Manual Part IV Vol I)

(b) September, November and February respectively.

(Auth: Para 38(A) of the Office Manual Part IV Vol I)

(c) They are allowed to draw cash from civil treasuries/banks against cash assignment.

(Auth: Para 52/95 of the Office Manual Part IV Vol I)

(d) Directly

(Auth: Para 79(III) of the Office Manual Part IV Vol.I)

Q.8. (a) There is no endorsement of the Head of Office in the Service Book of a civilian, who had remained under suspension, regarding counting or otherwise of the suspension period for pensionary purposes. However, there is an entry to the effect that he was fully exonerated of the charges on account of which he had been suspended after a departmental inquiry found him not guilty of the charges. Should the period of suspension be counted in full in these circumstances for

sanction of pension or should a reference be made to the Head of the Department to seek clarification?

(2 Marks)

(b) Can pension be sanctioned by PCDA(P) to a civilian government servant who has been compulsorily retired from Service?

(2 Marks)

(c) On which two factors would the quantum of death gratuity depend in the case of death of a civilian government servant who dies in service?

(2 Marks)

(d) Detection of a clerical error six months after sanction of pension to a civilian calls for reduction in pension. Is the government sanction required for revising the pension in this case?

(2 Marks)

Ans. (a) As the period spent under suspension counts in full if the government servant is fully exonerated of the charges, there would be no need to seek any clarification from the Head of the Office.

(Auth: Para 44(M) of the Office Manual Part IV Vol II)

(b) No, Pension can be notified in such cases only on receipt of the requisite sanction from the appointing authority.

(Auth: Para 22 of the Office Manual Part- IV Vol II)

(c) Reckonable emoluments and qualifying service.

(Auth: Para 124 of the Office Manual Part-IV Vol II)

(d) No.

(Auth: Para 197 of the Office Manual Part IV Vol II)

Q.9. (a) Is annual leave admissible to a Commissioned Officer of the Army in a calendar year in which he has been on duty for only fifteen days prior to his proceeding on such leave?

(2 Marks)

(b) Are the annual leave and furlough granted in terms of days or months?

(2 Marks)

(c) Can Sundays and holidays be prefixed or suffixed in the case of officers whose leave commences from transit camps?

(2 Marks)

(d) Can an Army Officer be granted study leave for a period of five months?

(2 Marks)

- Ans.** (a) Yes.
(Auth: Para 139 A(i) of the Office Manual Part IX)
- (b) Annual leave in terms in terms of days and furlough in terms of months.
(Auth: Para 139 A(ix) and Para (140) of the Office Manual Part IX)
- (c) No. .
(Auth: Para 140 (vii) of the Office Manual Part IX)
- (d) No, study leave cannot be granted for less than six months.
(Auth: Para 143(iii) of the Office Manual Part IX)
- Q.10.** (a) Does forfeiture of service of an Army Officer for pay also implies forfeiture of service for promotion?
(2 Marks)
- (b) An Army Officer leaves a concessional area on temporary duty for a Course of Instruction for 12 weeks. Will his separation allowance be stopped?
(2 Marks)
- (c) Is it required to be seen in audit by CDA(O) that an Army Officer in receipt of Para Reverse Pay undergoes a refresher course during the year.
(2 Marks)
- (d) Can increment of pay falling due during the furlough be admitted on due date in case of an Army Officer of the rank of Colonel?
(2 Marks)
- Ans** (a) No. .
(Auth: Para 150 of the Office Manual Part IX)
- (b) Yes, it will be stopped from the date the officer is struck off strength of the unit.
(Auth: Para 130(b) of the Office Manual Part IX)
- (c) Ye, it has to be ensured by CDA(O) that an army officer in receipt of Para Reserve Pay undergoes a refresher course during every training year for which Para Reserve Pay has been admitted. The training year is from 1st July of a year to 30th June of the next year.
(Auth: Para 132 of the Office Manual Part IX)
- (d) No.
(Auth: Para 140 of the Office Manual Part IX)
- Q.11.** (a) Will the facility of free remittance of family allotment available to the service personnel serving with a Div HQ?
(2 Marks)

- (b) While checking a closed pay book of a soldier it is observed that certain advances appearing in the pay book have not been debited in the IRLA. What action needs to be taken?
(2 Marks)
- (c) How are the transactions relating to regimental funds in respect of personnel serving with the units in field/operational areas adjusted in the IRLAs?
(2 Marks)
- (d) For how long is the IRLA required to be kept open after release/discharge of a soldier if the final settlement of his accounts had to be done in the absence of the pay book which was reported to have been misplaced by him?
(2 Marks)

- Ans** (a) Yes, provided the DIV HQ are located in an operation area.
(Auth: Para 253 of the Office Manual Part X Vol.I)
- (b) All such items should be adjusted in the IRLA.
(Auth: Para 252(ii) of the Office Manual Part X Vol.I)
- (c) On the basis of contingent bills submitted by the OCs of the concerned units.
(Auth: Para 272 of the Office Manual Part X Vol.I)
- (d) Three months.
(Auth: Para 286 of the Office Manual Part X Vol.I)

- Q.12.** (a) After computerization of IRLAs, which section in the Pay Accounts Office deals with transmission of FAMO lists to the EDP Centre, checking of edit lists and feeding the corrections thereto?
(2 Marks)
- (b) While scrutinizing the ACR Master Missing list in a PAO(ORs), it is observed that a large number of cases pertain to Naib Subedars. What could be the most likely reason?
(2 Marks)
- (c) With reference to which master file do Part II orders in respect of PBOR get audited on the computer? Mention the name of the master in full.
(2 Marks)
- (d) Are contingent bills and miscellaneous credit/debit vouchers adjusted in the pay accounts of the PBOR on the basis of transcription sheets or adjustment vouchers?
(2 Marks)

- Ans** (a) Imprest Section.
(Auth: Para 8.4/Para 25 of the Office Manual Part X Vol.III)

(b) Part II orders notifying the allotments of JC numbers have not been received or actioned.

(Auth: Para 38.1 of the Office Manual Part X Vol.III)

(c) PIRM, i.e. Pay & Individual Running Ledger Account Master.

(Auth: Para 9/Para 59 of the Office Manual Part X Vol.III)

(d) Transcription sheets.

(Auth: Para 24 of the Office Manual Part X Vol.III)

SECTION III

(Factories Portion)

Q.1. What action will be taken in the following cases:

(3+3+2 Marks)

- (a) Shortage in quantity received from sister factory.
- (b) Loss of cheques issued to a private party.
- (c) Difference in quantity of an item as per priced stores ledger and bin card.

Ans (a) In case of shortage in the quantity received from sister factory, the consignee factory is required to bring on charge the materials as vouchered and float a D/D voucher cum loss statement. The loss statement is to be referred to O.F.Board for deciding which factory should bear the loss.

(Auth: Para 455 of the Office Manual Part VI Vol.I)

- (b) In cases where cheques are reported as lost intimation should be sent to the banker under Regd. post/ack due to 'stop payment' of the cheque. On receipt of intimation from bank, Accounts Section should be addressed for confirming that the cheque has not been encashed. After that fresh cheque will be issued to the contractor on receipt of Indemnity Bond duly countersigned by the factory authorities.

(Auth: Para 390(i) of the Office Manual Part VI Vol.I)

- (c) Discrepancies in PSL & Bin Card should be noted in the Register for progressing discrepancies and watch the receipt of Discrepancy/Excess/Deficiency voucher.

(Auth: Para 428 of the Office Manual Part VI Vol.I)

Q.2. (a) What checks are exercised in Accounts Office on the attendance record of industrial employees?

(4 Marks)

- (b) How are the payments made to IEs and material drawn by the shops are brought to cost accounts?

(4 Marks)

Ans (a) Accounts Office maintains the attendance record in Form IAF(FAC) 74,74A,74B. The record may be opened yearly, half yearly or monthly basis showing names, ticket nos., transfer grants, and rates of pay of IEs. Separate record is opened for each shop. On receipt of master rolls from the gate office, the entries for the day will be checked with reference to the separate statement or casualty memos received from the shops and the late memos received from gate office. Previous day's balances will be checked with reference to have passes, OT Memos etc. Discrepancies are sorted out with gate office/shops.. Changes in master roll on

account of retirement/promotion etc. are also watched with reference to relevant records.

(Auth: Para 136-140 of the Office Manual Part VI Vol.I)

- (b) Payment made to IEs are brought to cost accounts through labour abstract. Labour Abstract are prepared taking into account the day work/price work cards, allocation sheets duly reviewed with labour punching medium. Labour abstract is prepared section-wise showing the each Work Order and warrant and the amount of labour booked against each. Similarly material drawn by shop are brought to cost accounts through material abstracts.

(Auth: Para 229 of the Office Manual Part VI Vol.I)

Q. 3. What is meant by Transfer Voucher? What scrutiny is done in Accounts on the same and how is it brought to cost account?

(3+5 Marks)

Ans Transfer voucher is a document prepared for transferring materials drawn against one work order but actually used against another work order. Similarly T.V. is prepared for transferring wrong booking of labour, rectification of mistakes and transfer of expenditure from one work order to another.

The transfer voucher are first received in Costing Section given a serial no. and passed on to Labour Section and Material Section for checking and posting of warrants. These are transferred and sent to Costing Section. A transfer voucher abstract is prepared based on T.V. received and then brought to cost accounts by posting in respective cost cards.

(Auth: Para 626A of the Office Manual Part VI Vol.I)

Q.4. From the details given below, determine the Incentive Bonus payable to a worker – an essential maintenance worker attached to a production shop:

Scale of pay	-	Rs.4500-7000
Basic pay	-	Rs.4900
Attendance	-	24 days
O.T.	-	15Hrs.
Month	-	Nov 2003
Sunday	-	5
Holiday	-	One

(8 Marks)

Ans.	Time Wages	O.T. Pay
	P	P
	----- X attendance	----- X O.T. Hrs.
	N-(S+H)	200
	4900	4900
	----- X 24	----- X 15
	30 - (5+1)	200

$$\begin{array}{r}
 4900 \times 24 \\
 \hline
 24 \\
 4900
 \end{array}
 \qquad
 \begin{array}{r}
 367.50
 \end{array}$$

Total Time Wages = Rs. (4900+ 367.50) = Rs. 5267.50

P.W. Profit for the year = 60%

So Incentive Bonus payable = 50% of 60% or 30%

Incentive Bonus works out to 5267.50X 30%
= 1580.50

(Para 155 of OM Pt.VI Vol-I)

Q. 5. Work out the unit cost of production in respect of an item of which the details are given below: (8 Marks)

Quantity ordered	-	1000 Nos.
Quantity manufactured	-	1080 Nos.
Quantity accepted	-	940 Nos.
Normal rejection	-	8%
D.A.	-	50%

	Opening Semi	Closing Semi	Expenditure during the year
Labour	1,000	900	70,000
Material	7,000	6,000	5,00,000
VOH	1,500	1,200	10%
FOH	2,000	1,500	15%

Ans.	Labour	Material	VOH	FOH	Total
Opening Semi	1000	7000	1500	2000	11500
Expenditure during the year	<u>1,05,000</u>	<u>5,00,000</u>	<u>10,500</u>	<u>15750</u>	<u>631250</u>
	1,06,000	5,07,000	12,000	17750	642750
Closing Semi	<u>900</u>	<u>6000</u>	<u>1200</u>	<u>1500</u>	<u>9600</u>
	1,05,100	5,01,000	10,800	16250	6,33,150

NR= 8% so normal rejection = 1000X 8% = 80

Total rejection = (1080-940) = 140

Abnormal rejection = (140-80) = 60

Cost of abnormal rejection = $\frac{6.33.150 \times 60}{1000}$ = Rs. 37.989

This amount will be kept out of production.

$$\text{Unit cost} = \frac{\text{Total cost of promotion} - \text{cost of abnormal rejection}}{\text{Accepted quantity}}$$

$$= \frac{6,33,150 - 37,989}{940} = \text{Rs. } 633.15$$

(Para 628-629 of OM Pt. VI Vol-I)

Q. 6. What is Guarantee Pay? Work out the guarantee pay, if any, admissible to a workman whose particulars are given as under:-

Basic Pay: Rs.4500, Scale: Rs.4000 – 6000

He was present for 25 days in the month of Jan 2003 which consists of 4 Sundays and one holiday. He had performed O.T. for 3 hrs. and is P.W. earning during the month was Rs.3500. He had drawn O.T.B. of Rs.120 and incremental difference as admissible.

(2+6 Marks)

Ans. Guarantee pay is admissible to industrial employee of unskilled semi skilled and skilled grade when their piece work earnings during the period of their duty falls below the actual basic time wage applicable for that period.
Guarantee pay = (T.W. + Incremental difference + OT Pay) - Earning + OTB

$$\text{Notional time wages of the worker} = \frac{P}{N-S} \times \text{Attendance}$$

$$= \frac{4000 \times 25}{(31-5)} = \frac{4000 \times 25}{27}$$

or Rs. 3703.70

$$\text{Internal difference} = \frac{\text{B. Pay} - \text{Min of Pay}}{N-S} \times \text{Attendance}$$

$$= \frac{4500 - 4000}{31-4} \times 25$$

$$= \frac{500 \times 25}{27} = \text{Rs. } 462.96$$

$$\text{OT Pay} = \frac{P}{200} \times \text{OT hrs.} = \frac{4000}{200} \times 3 = \text{Rs. } 60$$

$$\text{P.W. earnings} = \text{Rs. } = 3500 + 462.96 = 3962.96$$

O.T. Bonus = Rs. 120

$$\begin{aligned} \text{Guarantee Pay} &= (\text{NTW} + \text{Internal diff} + \text{OTB}) - (\text{Earning} + \text{OTB}) \\ &= \text{Rs. } (3703.70 + 462.96 + 60) - (3962.96 + 120) \end{aligned}$$

$$= 4226.66 - 4082.96$$

$$= 143.70$$

He is entitled for guarantee pay for Rs. 143.70

(Authority: Para 154 OM Pt. VI Vol.I)

Q.7. Comment on the decision of the General Manager of an Ordnance Factory in respect of the following: **(2x4 Marks)**

(a) GM has allowed price increase in a fixed price contract upto a ceiling of 5% of the contracted price.

(b) GM has received excess supplies of 4% of the original value/quantity contracted.

Ans. Decision of the GM is in order as he may allow price increase upto a ceiling of 5% of the contracted price provided alternative course of making risk purchase is either not practicable or would adversely effect production. Such increase claimed by the party is also due to the factors beyond the control. However such increase should not be allowed as a matter of routine.

Acceptance of supplies in excess of the quantity ordered will not be held to be a modification in the conditions of a contract provided (i) Value of excess supplies does not exceed 5% of the original value and (ii) the total value of the supplies does not exceed the financial powers of the officer originally sanctioned the contract.

(Authority: Para 368 of OM Pt. VI Vol-I)

Q. 8. (a) A General Manager of Ordnance Factory has executed a civil trade order @ Rs.7,850 against the actual cost of Rs.13,750 details of which are as under:

Direct Material	-	Rs.5,000
Direct Labour	-	Rs.1,250
VOH	-	Rs.2,500
FOH	-	Rs.5,000
		<u>Rs.13,750</u>

Note: Packing Charges @ 2% on direct material is to be borne by the indenter.
Comment on the decision of GM

(b) How the difference between the actual cost & issue value on this order will be reflected in annual account?

(6+2 Marks)

Ans (a) The decision of the GM are in order as he is competent to fix the minimum sale price/quote an offer at the estimated prime cost plus 20% of the total variable and

fixed charges of overheads subject to the provision of various orders on civil trade. In this case and 20% of overheads works out to Rs. 7750/- as under:-

Direct material	Rs. 5000/-	
" labour	Rs. 1250/-	
Prime cost	Rs. 6250	
VCH	2500	
FOH	5000	
Rs.	7500	
Add 20%		
Of 7500 =	1500	
Total minimum price =	Rs. 7750	
Add 2% packing Charges on direct Material to be borne by Indirect	} 100	
	Rs. 7850/-	Net min civil Trade price.

Actual cost of the product	Rs 13750/-
Less accepted issue price	Rs. 7850/-
Loss on civil trade =	Rs. 5900/-

- (b) The loss value of Rs. 5900 will be reflected in the credit side of the Annual finished stock Account of the concerned Ordnance Factory.

(Authority: Para 721(B) of OM Pt. VI Vol. II)

- Q.9.** (a) What are the basis for provision of Normal Rejection? **(4 Marks)**
- (b) What is abnormal rejection? **(1 Marks)**
- (c) How these rejections are treated in cost account? **(3 Marks)**

- Ans.** (a) There are certain manufacturing losses which are inherent in production process. Such losses are called normal rejection loss when standard estimates are prepared a maximum & minimum percentage of normal rejection losses are specified. The basis of normal rejection percentage are:-
- (a) nature of the product
 - (b) expected losses in quantity due to evaporation/shrinkage etc
 - (c) method of production process
 - (d) Volume of expected scraps
- (b) When the quantum of rejection exceed the normal provision of rejection in a warrant, it is treated as abnormal rejection.

- (c) Normal rejection is charged to the cost of production whereas abnormal rejection is deducted from the cost of production and kept out of production which is treated a loss to be regularised by the competent authority through loss statement.
(Auth: 679 of OM Pt. VI Vol-II)

Q.10. A Day worker for 10 hrs a day in the first 2 days of the week and @ 11 hrs in the remaining 4 days. His basic pay is Rs.5200, D.A-2500, HRA-Rs.1560, CCA-Rs.200, TA-Rs.100. Determine his O.T. entitlement during the week.
(8 Marks)

Ans. Total hours of work of the Day worker during the week

$$(10 \times 2) + (11 \text{ hrs} \times 4) = 20 + 44 = 64 \text{ hrs.}$$

$$\text{Normal working hours in a week} = 44\frac{3}{4} \text{ Hrs.}$$

$$\text{OT hours} = (64 - 44\frac{3}{4}) = 19\frac{1}{4} \text{ Hrs.}$$

$$\text{His OT hours under Factories Act} = 64 - 48 = 16 \text{ hrs.}$$

$$\text{OT is under departmental Rules} = (19\frac{1}{4} - 16) = 3\frac{1}{2} \text{ hrs.}$$

Therefore his OT entitlements:-

$$\text{OTP} = \frac{P + TA \times \text{total OT hrs.}}{200}$$

$$= \frac{5200 + 100 \times 19\frac{1}{4} \text{ Hrs.}}{200} = \text{Rs. } 510.13$$

$$\text{OTB (Under Deptt.Rule)} = \frac{DA + CCA}{200} \times \text{OT hrs under deptt. rule}$$

$$= \frac{2500 + 200 \times 3\frac{1}{2} \text{ hrs}}{200} = \text{Rs. } 43.88$$

$$\text{OTB (Under Fys Act)} = \frac{P + 2(DA + HRA + CCA)}{200} \times \text{OT hrs under Fys Act}$$

$$= \frac{5200 + 100 + 2(2500 + 1500 + 200)}{200} \times 16$$

$$= \text{Rs. } 1105.60$$

$$\text{His OT entitlement} = 510.13 + 43.88 + 1105.60$$

$$= \text{Rs. } 1659.61$$

(Auth: Para 191, 195 & 197 OM Pt. VI Vol-I)

Q.11. (a) What are 'slow moving' and 'non moving items of store'?
(4 Marks)

(b) What is the role of Sr.AO in respect of these stores?
(4 Marks)

Ans. (a) Slow moving items are those which have not been drawn for a continuous period of one year from the date of receipt. Non-moving stores are those which have not been drawn for a period of 3 yrs. or more from the date of receipt. The above categories of stores are taken into account while calculating the closing stock of a

factory at the year end.

- (b) The following actions are required to be taken by the Sr. AO
- (i) careful review should be made to ascertain the reasons for such accumulations of such slow/non moving stores.
 - (ii) Sr. AO should see that required action has been taken by the factory for exploring the possibilities of utilisation in own or other factory for disposal action.
 - (iii) AO should render a Review Report to PCA(Fys)
 - (iv) He should ensure that such show/non moving items which are found ultimately in security as surplus to requirement of factory are included in the Matrial Aid list and circulated to all other fys.
 - (v) During the course of scrutiny of Purchase Order, AOs are required to see that the certificate is endorsed ensuing that stores proposed to be purchased are not included in the M.A. list

(Auth: Para 437 OM Pt. VI Vol.I)

Q.12. A workman was detailed by his Supervisor outside the factory to perform a job met with an accident. The extent of his injury are not covered under schedule of workman's compensation Act of 1923. Is he entitled to any workman compensation.

(4+4 Marks)

Ans. Compensation under workmen's Compensation Act, 1923 is payable also in respect of an accident occurred in course of a job entrusted to a workmen by his superior officer. This need not necessarily be a job which under normal terms of his employment the workmen has to do.

In the case of injuries not covered under schedule I of the Workman's Compensation Act, 1923 the loss of earning capacity will have to be assessed by the administrative authority who had the opportunity of serving the workman's work before and after the accident. For this purpose the medical opinion regarding assessment of loss of earning capacity should indicate the particular items of the schedule I of the workmen's compensation Act, 1923 to which the non schedules injury bears the closest resemblance. The GM while rectifying the medical opinion/assessment of awarding the same with reference to other factor should specifically record in writing the merits of the case justifying the assessment.

(Auth: Para 245, 246 OM Pt. VI)

SECTION V (Navy Portion)

Q.1. (a) Commodore S.Gupta is provided with free single accommodation at station 'Y' where families are not permitted. Is it in order?
(4 Marks)

(b) Mention briefly the elements of pay which are taken into account for recovery of licence fee from Naval Officers.
(4 Marks)

Ans. (a) Yes, it is in order. He is entitled to free accommodation for himself only together with allied services such as light, water, furniture etc.
(Auth: Para 254 OM Pt. VII)

(b) Pay elements for recovery of license fee from naval officers are Basic Pay, CCA, Qualification Pay and any other allowance as the government any decide to treat as pay for recovery of license fee.
(Auth: Para 254 OM Pt. VII)

Q. 2. (a) To whom are pilotage fees admissible and at what rate?
(4 Marks)

(b) Capt C.Ramachandran, CO of INS Ranvir has been paid pilotage fee 8 times for navigating Mumbai harbour while on board the same ship. Is it in order?
(4 Marks)

Ans. (a) Pilotage fees are admissible to Commanding Officer and Navigation Officer of the ships at 2/3rd and 1/3rd of the rate for service in the Channels, Straits, Rivers, Bays etc. as notified in Navy orders.
(Auth: Para 345 OM Pt. VII)

(b) No, not in order. Pilotage cannot be claimed for more than six times for an officer borne continuously on the same ship.
(Auth: Para 345(x) OM Pt. VII)

Q. 3. (a) What are the types of survey of stores and why are they required?
(4 Marks)

(b) State briefly the circumstances under which local survey becomes necessary.
(4 Marks)

Ans. (a) Survey is either general survey conducted by a Naval Store Officer or a Local Survey that is conducted on board by ships/establishments. They are required to condemn stores that are damaged/deteriorated, to have an appraisal of suitability /loss of utility and to have an authority to take a damaged item of store off ledger

charge.

(Auth: Paras 172, 173, 174 INBR-12)

(b) A local survey becomes necessary when:

(i) A ship is likely to be away from a Naval Store Depot;

(ii) A ship/establishment is situated far away from a Naval Store Depot;

(iii) Cost of transport to the Depot is higher than the value of the arisings from the articles surveyed;

(iv) Items are a possible source of danger or are of negligible value.

(Auth: Para 186, INBR-12)

Q. 4. (a) State briefly the items excluded for calculating 7.5% profit on ships constructed by MDL.

(4 Marks)

(b) MDL has claimed overheads for own plant usage in a bill for Yard No.3008. Is it in order?

(4 Marks)

Ans. (a) The items excluded for calculation for profit by MDL are:

(i) Cost of Navy supply items.

(ii) Cost of sub-contract work/labour including supervising charges.

(iii) Equipment hire charges and dry dock hire charges.

(iv) Cost of electricity.

(v) Sales tax charged by MDL.

(Auth: Para 485 OM Pt. VII)

(b) It is not in order

(Auth: Note to Para 484 OM Pt. VII)

Q.5. (a) What is the difference between submarine allowance and submarine pay for sailors?

(4 Marks)

(b) Sailor 'X' is absent from INS Sindhuvijay, a submarine for 6 consecutive days. Can he be paid submarine allowance?

(4 Marks)

Ans. (a) Submarine allowance is admissible for sailors attached for training to or for exercises in a submarine. Submarine pay is admissible on completion of submarine training/attachment.

(Auth: Para 252, OM Pt. VII)

- (b) Sailor 'X' will not be entitled for submarine pay for the period of absence of more than 3 consecutive days.

(Auth: Para 252, OM Pt. VII)

Q. 6. Some stores are received in Naval Stores Depot without supply notes or vouchers. What action should be taken in such a case?

(8 Marks)

Ans. Stores received without vouchers will be taken on charge at the time of receipt by raising a certified Receipt Voucher quoting Article 437, Para 6 of Naval Storekeeping Manual(INBR 12) Simultaneously the non-receipt of supply notes will be reported to the consignor along with copy No.1 of the CRV raised.

(Auth: Para 6 of Articles 437 of Naval Storekeeping Manual (INBR-12)

Q. 7. Which sections of the CDA(Navy) office are responsible for the following functions? Give the section name alongwith the relevant authority:

- (a) Audit of authorization slips/ledger and disbursement lodgers of Officers and Sailors of Indian Navy?

(2 Marks)

- (b) Issue of money-warrants to ships to meet their cash requirement

(2 Marks)

- (c) Conducting audit of expenditure relating to repair/refit of Naval Ships, construction of Naval vessels by Mazgaon Dock Ltd.?

(2 Marks)

- (d) Provide an adequate and up-to-date cost accounting systems to Naval Dockyards and provide necessary data to Dockyard authorities for exercising cost control?

(2 Marks)

Ans. (a) IRLA Section

(Auth: Para 133, OM Part VII)

(b) Imprest Section

(Auth: Para 581, OM Part VII)

(c) Cost Audit Cell.

(Auth: Para 472(a) OM Part VII)

(d) Naval Dockyard Costing Section

(Auth: Para 511(i) & (ii) OM Part VII)

Q. 8. What are some of the important preliminary steps the Supply/Logistic Officer takes when it is known that a ship is going to be destroyed?

(8 Marks)

Ans. The Supply/Logistic Officer will, as far as practicable:

- (i) Keep store ledgers posted to date;
- (ii) Reduce demands on to a minimum quantities to meet only the immediate requirements;
- (iii) Muster, park and tally stores which are in his custody;
- (iv) Return as many stores as possible to the Naval Store Officer.

(Auth: Article 584- Naval Storekeeping Manual- INBR 12)

Q. 9. While going for the inspection of Public Fund Accounts of Ships/Equipments, what are the documents which the NLAO will obtain from the CDA(Navy)?

(8 Marks)

Ans. (i) The NLAO will obtain from the CDA(Navy) a list of Commanding Officers, BSOs who have been granted permanent advances and /or imprests.

(ii) The NLAO will receive in weekly batches from the CDA(Navy) all cheque slips (which will be numbered serially) issued in favour of the Commanding Officers of units and establishments. He will see that all cheques slips received by him are consecutive and that there has been no omission on the part of CDA(Navy) in sending the NLAO any cheque slip. Cheque slips not received in time should be called for.

(iii) In the case of cheques issued by other Controllers, cheque slips will be received by the NLAO through his Controller in month/weekly batches with a forwarding memorandum showing the serial numbers of each Controller's cheque slips. On receipts of the forwarding memorandum and cheque slips the NLAO will verify the correctness of the entries in the memorandum and immediately return the acknowledgement portion of the form.

(Auth: Para 222, NLAO's Manual)

Q.10. (a) Who are authorized to issue stores in a self-accounting ship?

(4 Marks)

(b) INS Udayagiri on refit in ND(MB) has issued stores to a centre in the Dockyard. Is it in order?

(4 Marks)

Ans. (a) Supply officer is authorized to issue stores in a self-accounting ship.

(Auth: Para 82, INBR-12)

(b) It is not in order. Stores can be issued by ships to Dockyard departments only in very special circumstances

(Auth: Para 96 INBR-12)

Q.11. (a) In what circumstances can conservancy allowance be paid to a MCPO during annual leave?
(4 Marks)

(b) Conservancy allowance has been paid to a single sailor not provided with Government accommodation. Is it in order? State yes or no alongwith the relevant authority.
(4 Marks)

Ans. (a) The conservancy allowance can be paid to the MCPO provided that:

(i) he was in receipt of it immediately prior to proceeding on leave:

(ii) the house hired is retained by him

(iii) he incurs expenditure on account of conservancy during his period of absence and is certified by his CO;

(iv) the allowance is not paid during leave pending discharge;

(v) amount of claim is equal to the amount claimed.

(Auth: Para 243, OM Pt. VII)

(b) No, it is not in order

(Auth: Para 243, OM Pt. VII)

Q.12. (a) Rs.2000 worth of condemned atta is disposed off by the BVO locally under his own powers. Please comment whether he is authorized to do so?
(4 Marks)

(b) If the ship is away from the base port and is not likely to return for sometimes and if the contaminated stock is likely to infest the remaining stock on board, how will the contaminated stock be disposed off?
(4 Marks)

Ans. (a) In value of condemned stock is Rs. 2000/- or less, the item can be disposed off locally by the BVO under his own financial powers.

(Auth: Para 1316(a) - Instructions on Victualling for IN Ships and Establishments- Naval Victualling Manual)

(b) The items may be thrown overhead with the approval of Commanding Officer. Necessary endorsement to this effect is to be made by the Commanding Officer on the Survey Report. The loss then is to be regularized with the approval of the CFA in the normal manner.

(Auth: Para 1305(b) (iii) - Instructions of Victualling for Ships and Establishments- Naval Victualling Manual)

SECTION IV
(Air Force Portion)

Q. 1. (a) List type of cases for which the audit reports will be directly rendered by DCDA(AF) New Delhi to CFA concerned.

(4 Marks)

(b) How many copies of a Pension Payment Order are prepared by DCDA(AF) New Delhi? To whom are these copies dispatched?

(4 Marks)

Ans. (a) Auth: Appendix 'E'; Para 216; OM Part III

(b) Auth: Subpara 6(3); Para 226; OM Part III

Q. 2. (a) What are the audit checks required to be exercised in auditing the claims of payment of Marking Answer Scripts of IAF Educational Test for Airmen?

(4 Marks)

(b) A number of combined Finance & Audit Sections under the charge of an Accounts Officer are attached to various divisions of Hindustan Aeronautical Ltd. Where are these Sections located and what are their functions?

(4 Marks)

Ans. (a) Auth: Para 62; OM Part III

(b) Auth: Subpara of Para 235; OM Part III

Q. 3. Please comment on the following:

(a) The administrative authorities have released reimbursement of the cost of hearing aids directly in favour of the concerned Air Force Personnel.

(4 Marks)

(b) A compensation claim for loss or damage of crops due to firing or bombing ranges has been submitted to the CDA for pre-audit.

(4 Marks)

Ans. (a) Not in Order;

(Auth: Para 80, OM Part III)

(b) Yes, in Order.

(Auth: S.No.11; Annexure 'A' below Chapter VII; OM Part III)

Q. 4. How are the Cash Account Vouchers susceptible to audit scheduled to various

audit authorities/agencies? Are there any items in respect of which no schedules are required to be prepared? How are they watched in audit?

(6+2 Marks)

Ans. Auth: Para 195; OM Part III

Q. 5. An Air Force unit issues equipments to Ordnance Factories:

(2 Marks Each)

- (a) Whose sanctions will be required in such cases?
- (b) What action is taken by the receiving CDA?
- (c) What is the role of LAO(AF) in these transactions?
- (d) Can the same procedure be followed in return of unserviceable and salvaged vehicles to the concerned Ordnance Factory?

Ans. (a) Auth: Note below Para 98, AFLAM

(b) Auth: Para 98, AFLAM

(c) Auth: Para 98, 99 & 100, AFLAM

(d) Auth: Para 101, AFLAM

Q.6. (a) What type of documents/registers are required to be maintained by an Air Force unit for the Defence Lands held by them?

(b) How are the articles produced on Defence Land and consumed by an AF Unit accounted for and verified by the LAO(AF)?

(c) What are the audit checks exercised by the LAO(AF) on the register of Defence Lands under cultivation?

(2+2+4 Marks)

Ans. (a) Auth: Para 385-A, AFLAM

(b) Auth: Note 1 below Para 385-A(III), AFLAM

(c) Auth: Para 385-A(III), AFLAM

Q.7. What % of audit checks is required to be exercised by the LAO9AF) on the following items of work:

(2 Marks each)

- (a) Audit of verification of correctness of pricing of payment issues.
- (b) Linking of receipts of Centrally Purchased Stores Ration Accounts (below Rs.1,000).
- (c) Military Credit Notes.
- (d) Linking of Pairing & Scheduling of IAFFQ 429/F501.

Ans. (a) $33\frac{1}{3}$ %

(Auth: Para 4(V) Appendix 1 Para 9, AFLAM)

(b) $33\frac{1}{3}$ %

(Auth: Para 4(V) Appendix 1 Para 9, AFLAM)

(c) 5%

(Auth: Para 8 Appendix 1 Para 9, AFLAM)

(d) 100%

(Auth: Para 2(b) Appendix 1 Para 9, AFLAM)

Q.8. Write short notes on the following:

(2 Marks each)

- (a) Concession Vouchers
- (b) Register of Money Orders
- (c) Admission & Discharge
- (d) Issue of LPG to cooking houses/messes

Ans. (a) Auth: Para 349-350, AFLAM

(b) Auth: Para 371, AFLAM

(c) Auth: Para 265, AFLAM

(d) Auth: Para 255(ii), AFLAM

Q.9. Do the following categories of losses find place in the Appropriation Accounts of the Defence Services:

- (a) Cash loss of Rs.5000 due to theft, fraud or neglect.
- (b) Loss of Aircraft on account of accidents due to incidence of services.
- (c) Store loss of Rs.50,000 not due to theft, fraud or neglect.

(3+2+3 Marks)

Ans. (a) No.

(Auth: Para 3, Appendix IX, Para 125, AFLAM)

(b) Yes.

(Auth: Para 2(c), Appendix IX, Para 125, AFLAM)

(c) No.

(Auth: Para 3, Appendix IX, Para 125, AFLAM)

Q.10. (a) What are the various categories in which equipments can be categorized?

(b) What is the procedure required to be followed in categorization of equipments ?

(4+4 Marks)

Ans. Auth: Para 60, Chapter 12, IAP-1501

Q.11. What is the periodicity of placing demands by the equipment officer in respect of the following stores for the maintenance of equipments:

(2 Marks each)

- (a) Aviation fuel and Aircraft lubricating oil.
- (b) M.T.Fuel &Oil
- (c) Forms & Stationary
- (d) Compressed gases

Ans. (a) Auth: Para 4(b), Chapter 7, IAP-1501

(b) Auth: Para 4(c), Chapter 7, IAP-1501

(c) Auth: Para 4(d), Chapter 7, IAP-1501

(d) Auth: Para 4(e), Chapter 7, IAP-1501

Q.12. Fuel & Oils expand or contract in response to variation in temperature:

(a) How much quantity of 5000 liters of Aviation Gasoline at 20 C will be taken on charge at standard temperature ?

(4 Marks)

(b) How do you calculate allowance for the expansion and contraction of Aircraft lubricating oil?

(4 Marks)

Ans. (a) Auth: Para 92, Chapter 29, IAP-1501

(b) Auth: Para 120, Chapter 29, IAP-1501

S.A.S. EXAMINATION- PART-I

FEBRUARY, 2004

SUBJECT- PAPER-IV-CODES AND MANUALS (THEORETICAL)

(Without Books)

**TIME
ALLOWED
3 HOURS**

TOTAL MARKS: 100

NOTES:

1. The candidates should attempt only TWELVE questions. FOUR from Section-I (Common to all) and Eight from Sections II,III,IV or V as the case may be.
2. Candidates permitted to answer questions relating to Factory/AF/Navy A/Cs answer any 8 of the 12 questions in Sections III, IV or V respectively in addition to the Four question from Section-I. Others should answer any 8 questions from Section II.
3. Questions in section I carry 9 marks each and those in other Sections 8 marks each.
4. Answer to questions in Sections II, III, IV or V must be writtern in separate answer books.
5. Answer to all parts of a question should be writtern in one place only.
6. The answer should be direct and precise.

SECTION-I
(COMMON TO ALL)

Q.1. Classify the following types of works services:

(6 x1½ Marks)

- (i) Replacements & renewals costing more than Rs. 50,000 each to buildings
- (ii) Widening of Roads
- (iii) Replacement of spare parts of E/M installation costing Rs. 20,000
- (iv) Installation of accoustic devices in a signal unit.
- (v) Small new work costing Rs. 2,000
- (vi) Repairs & renewals of furniture at a cost of Rs. 60,000

Ans. (i) Special Repairs

(Authority: Para 121(b) (ii) & 248, RMES)

(ii) Original Works

(Authority: Para 123(c) & 242, RMES)

(iii) Ordinary Repairs

(Authority: Para 121(b)(i)(3) & 260, RMES)

(iv) Special Works

(Authority: Para 122(b) RMES & Para 14(b) R.W.P.)

(v) Repairs

(Authority: Para- 123(f)- exception thereunder & Para- 222 RMES)

(vi) Special Repairs

(Authority:Para- 121 (b)(ii) RMES)

Q.2. (a) Distinguish between "Agency Services" and "Deposit Works" carried out by the MES. **(4 Marks)**

(b) What elements of cost are covered by the departmental charges levied on such works? **(3 Marks)**

(c) At what rates are departmental charges leviable, if any, on works undertaken by MES for Cantonment Board Financed completely from the Funds of the latter. **(2 Marks)**

Ans. (a) Agency Services are those services carried out by the MES for other Ministries of the Central Govt. or for State Government/Union Territories. Deposit Works are those which are executed from funds received from Non-Government sources. **(Authority: Para 301 & 305)**

Ans. (b) Departmental Charges are intended to cover:
(i) Cost of normal MES supervising establishment, including storage and incidental charges
(ii) Use of T&P normally held by the MES
(iii) Audit and any other charges that may be prescribed by the G.O.I i.e. pensionary charges. **(Authority: Para 310 RMES)**

Ans. (c) No departmental charges are leviable. **(Authority: Note 9 below Table H & Para-4, RMES)**

Q.3. Mention atleast 3 different forms of contract authorised for use by the MES. State the circumstances in which each type of contract is concluded. **(9 Marks)**

Ans. (i) **Lumpsum Contracts**

Generally used for all original works and maintenance services which are excluded from term contracts. Here the work is carried out to completion for a fixed sum. These contracts may be based on bills of quantities or on a pre-priced schedule of works or

on drawings and specifications.

(Authority: Para 403 & 405, RMES)

(ii) Term Contracts

These are used for minor works and maintenance services required to be carried out from time to time during the period or term specified in the contract. No reference is made to the value of work. It is expressed in terms of a percentage above or below the rates given in the SSR applicable to the zone.

(Authority: Para 403 RMES)

(iii) Percentage Rate Contracts

These are used as an alternative to Lumpsum contracts Eg(a) when there is difficulty in estimating the quantities correctly until the work has commenced (b) when it is imperative to commence work without delay (c) when local conditions make it unlikely that contractors capable of tendering on lumpsum will be forthcoming.

(Authority: Para 403 & 414 RMES)

Q.4. (a) Administrative approval for covering open drain in a cantonment at a cost of Rs.5 lakhs is yet to issue. Fearing the outbreak of Malaria, the Station Commander orders levelling works costing Rs. 50,000 before the onset of monsoon. Please comment.

(3 Marks)

(b) A G.E. orders the construction of an embankment costing Rs. 50,000 stating that heavy rains would otherwise flood the powerhouse causing disruption in supply. Is GE's action overed by rules?

(3 Marks)

(c) As AAO(MES) what action would you take in both the above contingencies?

(3 Marks)

Ans. (a) On grounds of urgent medical reasons (or urgent military necessity), when reference to the CFA would entail dangerous delay, any of the authorities listed in Table-'A' to the RMES may, by furnishing an order in writing to the engineer officer concerned, order the commencement or continuance of any engineer service. As such, the action of station commander is covered by rules.

(Authority: Para 14 RMES)

Ans. (b) In the case of imminent danger to buildings or of breakdown of installation, when delay would be seriously detrimental to public service, the local MES officer will take immediate steps to protect life and property or to ensure that the service is maintained as far as possible. Hence the GE's action is in order.

(Authority: Para- 15, RMES)

Ans. (c) In both the above cases, the AAO MES will look for a written order of the commander/MES Officer for the commencement of the work and verify that a copy

of the order along with reasons/facts of the case has been sent to the CDA, appropriate CFA, superior engineer authority & local Military commander.

(Authority: Para 36 UA Manual)

Q.5. Write Short Notes on:

(3 Marks each)

- (a) Contractor's ledger
- (b) Register of Buildings
- (c) Licence Fee Assessment Register

Ans. (a) The Contractors' ledger is a running account with each contractor in respect of each contract, showing the amount due by him for advances made and material supplied to him etc and due to him for work done/material supplied/services rendered etc. and is closed and balanced monthly.

The Contractor should be encouraged to examine the ledger account from time to time and sign in taken of his acceptance.

The AAO MES will be responsible for the correctness of the contractors' ledger and securing agreement with balances detailed in the construction accounts.

(Authority: Para-294 UA Manual and Paras 491-493 RMES)

Ans. (b) The AAO(MES) will maintain the Register of Buildings - a printed copy of which will be supplied by GE to him. All sanctions and orders connected with the sale demolition, re-appropriation or transfer of building will be noted in the Register.

(Authority: Paras 306-8 UA Manual and Paras 380-3 RMES)

Ans (c) This Register is maintained by the AAO GE for all rentable buildings including Govt. owned and all hired building licensed out. This will contain record of the installations and furniture in respect of each building rentable. The AAO GE will compare this Register with the Register of buildings every year in April to compare the capital value of buildings and agree them.

(Authority: Para 169-171 UA Manual and Para 682(a) RMES)

Q.6. (a) What are 'Construction Accounts' and 'Financial Accounts' ? Who maintains these Works Accounts ?

(3 Marks)

(b) What are the objectives in maintaining these Accounts?

(3 Marks)

(c) Which is the more comprehensive of the two ? Give reasons in support of your answer?

(3 Marks)

Ans. (a) A Construction Account exhibits in detail the expenditure and liabilities incurred on specific items or services, including charges for services rendered by other Arms/Services/Civil Agencies.

A financial Account records accurately the receipts and charges summarised and classified under the prescribed budget heads of accounts.

The construction Accounts are maintained by the MES (SDO's concerned) while the Financial Accounts are prepared by the EDP Centre.

(Authority: Para-521 RMES, Para 97 & 103 UA Manual)

Ans. (b) The purpose of these Accounts is progressing and controlling expenditure under the various heads of account operated by the MES and the compilation of receipts and charges.

(Authority: Para 521, RMES)

Ans. (c) The construction Account is more comprehensive because it shows for the purpose of control the amount of sanction and allotment and also the expenditure as and when incurred with sufficient details as to the nature of expenditure and reference to vouchers. Liabilities and expected credits are also shown until adjusted.

(Authority: Para 103 UA Manual)

SECTION-II

(For candidates other than Factories, Air Force and Navy)

- Q.1.** (a) How are 'Surplus Stores' defined? (2 Marks)
- (b) Are the Defence Service authorities authorised to dispose of such stores under their own arrangements? (2 Marks)
- (c) What do you understand by the term 'Priority Indentors' in the contest of disposal of surplus stores ? (2 Marks)
- (d) In what respects is the disposal procedure different when it comes to salvage and scrap ? (2 Marks)

Ans. (a) Surplus Stores are stores which cannot be utilised against present or anticipated requirements over a period to be determined on the merits of each case or which are liable to deteriorate by the time they could be issued in the normal course of events. The term also includes obsolete and obsolescent stores.

(Authority: Note (a) below Para 256, SAI)

Ans. (b) The Defence Services authorities are authorised to dispose of surplus stores upto Rs. 5000/- in book value of any " Single Category" under their own arrangements.

(Authority: Para 256, SAI)

Ans. (c) Surplus stores disposed by Defence Service

(Authority: Para 261, SAI)

Ans. (d) The difference is only that these are reported on auction catalogues for disposal and not offered to priority indentors prior to their disposal.

(Authority: Para 265, SAI)

Q.2. What action is to be taken by the LAO in the following situations during Cash Inspection ? (2 Marks each)

- (a) Cash balance are found to be heavy .
- (b) Bank balances shown in the Cash Book and the Pass Book do not tally.
- (c) Money from Public Funds has been transferred to Regimental Fund.
- (d) An officer in the field has deposited his money in the treasure chest for safekeeping.

Ans. (a) The LAO should verify the actual cash balance by counting, investigate the

circumstances for the heavy cash balance and advise the OC to reduce the balance.

(Authority: Para 34, ALAM Pt. II)

- (b) The LAO will ask the OC unit to prepare Bank reconciliation statement and pending explanation of the variation, place it under objection.

(Authority: Para 39, ALAM Pt.II)

- (c) This is not authorised and must be placed under objection. The OC may be placed under objection. The OC may be advised to account for the transaction in proper account.

(Authority: Para 46 (XV) & 72 (IV), ALAM Pt.II)

- (d) The private deposits of the officers and others cannot be kept in the treasure chest of the Unit.

[Authority: Para 46(XVI), ALAM Pt.II]

- Q.3.** (a) What is an expense voucher ? How is different from a loss statement ?

(4 Marks)

- (b) Explain with illustrative instance what is meant by a nominal voucher.

(4 Marks)

- Ans** (a) An expense voucher is prepared to charge off stores which are consumed for the purpose authorised in the Rules and Regulations i.e. Medical stores expended in a hospital during a month. It is signed by the OC unit. Loss statement on the otherhand is a document to support the charge off of the stores lost etc. Here the sanction of CFA is necessary to regularise the loss or deficiency of stores.

Expense voucher is prepared periodically but not priced; Loss statement is prepared occasionally and priced.

- (b) A nominal voucher is prepared in respect of stores not required to be struck off or brought on charge by the issuing or receiving unit as the case may be. Nominal voucher are not scheduled for linking. Illustrative examples:

(i) To issue stores charged off earlier but not despatched (short despatched);

(ii) To transfer wrong receipt to ultimate consignee;

(iii) To issue expendable stores to branches/directorates/sections in AHQ for experimental/test purpose.

(Authority: Paras 47-49 Alam Pt.I)

- Q.4.** (a) Who is responsible for stock taking in Ordnance Depots and how is their independence ensured ?

(2 Marks)

- (b) In what cases can the surpluses discovered during stock verification be set off against deficiencies ?

(2 Marks)

- (c) How will the loss due to fair wear and tear or ordnance stores issued to local Govt. be treated.?

(2 Marks)

- (d) Ordnance stores worth Rs. 1,000 have been transferred from one Depot to another within the jurisdiction of the same command. Is this in order ?

(2 Marks)

- Ans.** (a) The responsibility for stock taking rests with the ordnance authorities themselves. It is carried out by a stock taking team independent of those responsible for accounting of stores/their physical custody.

(Authority: Para 83, Alam Pt.I)

- (b) This can be done in the case of similar items or when the deficiencies are linked with a corresponding surplus recorded in the Register of surpluses.

(Authority: Para 83(iii), Note 2 under Para 211(E) and Para 119, ALAM Pt.I & Para 286 SAI)

- (c) The loss will be charged against the local Govt.

(Authority: Para 211(L) (viii)(b) ALAM Pt.I)

- (d) No ordnance stores can be transferred between AOC establishments except under orders of DOS.

(Authority: Para 211(P) (iv), ALAM Pt.I & Para 21(c)(vi) SAI)

- Q.5.** (a) What is the function of Condemnation Board of Ordnance and Clothing Stores?

(4 Marks)

- (b) A Condemnation Board is convened in a unit though similar items condemned earlier have not been disposed off despite the receipt of replacements. Is this in order?

(2 Marks)

- (c) The Adjutant of a unit in the rank of a captain presided over the Condemnation Board. The unit is commanded by a Colonel. Please comment.

(2 Marks)

- Ans** (a) Condemnation Board is constituted to carry out condemnation in respect of items of public/personal clothing and ordnance stores on the charge of the Unit/Formation. The Board will express an opinion on individual item, indicating whether the change in condition is due to fair wear and tear or otherwise. The Board proceedings are subject to inspection by the LAO.

(Authority: Para 300 ALAM Pt. I & Para 130 SAI)

- (b) Condemned articles must be disposed off expeditiously and unless replacements have not materialised, the next Board is not held.

(Authority: Para 300 (j) ALAM Pt. I)

- (c) The condemnation Board should be presided over by the 2 IC or other field officer. Capt. Adjutant is junior to preside.

(Authority: Para 300 (a) Alam Pt. I)

Q.6. What will be the comments in local audit of a Military Hospital to the following.

- (a) Hospital diets have been issued to patients under observation. (2 Marks)
- (b) Blood bottles have been issued free to an officer receiving treatment from a civil hospital. (2 Marks)
- (c) Tea rations have been drawn for Nursing Orderlies while detailed on day duty. (2 Marks)
- (d) A Medical Office has authorised Extras for a patient on 'O' Diet. (2 Marks)

Ans. (a) Patients in hospitals for observation are to be subsisted on extras alone. No diet is issuable.

(Authority: Para 318(b) ALAM Pt.I)

- (b) Free issue of blood bottles is not authorised and the officer will be charged appropriately

(Authority: Para 312, SAI & Para 359(b) ALAM Pt.I)

- (c) Tea rations can be drawn only for Nursing orderlies detailed for night duties. (Para 318(3), ALAM Pt.I)

- (d) Extras are not prescribed for patients on 'O' Diet. Hence not in order. (Authority: Para 318(2), ALAM Pt.I)

Q.7. (a) What are the important audit checks to be exercised in scrutiny of Part-II orders notifying Para Reserve Pay ?

(4 Marks)

- (b) A Lieutenant Colonel is appointed against a specialist appointment tenable in the alternate rank of Major/Captain. Is he eligible to draw Specialist Pay ?

(4 Marks)

Ans. (a) (1) The officer is having a minimum of three years of service in a Para Unit as a trained parachutist
(2) The officer is less than 35 years of age
(3) The officer has undergone a refresher course during every training year (1 July-30 June)

(Authority: Para 132, OM Part-IX)

- (b) No, Under Rule 89(iv) of P & A Regs (officers) Army, a Lt. Col. appointed against a post tenable in the alternate rank of Major/Capt. is not entitled to draw specialist pay against the post.

(Authority: Para 191, OM Part IX)

Q. 8. Write Short Notes on the following Funds, the deduction/subscription towards which are dealt with by CDA(O) in respect of Army Offices:

- (a) AGI Fund & TAGIF

(4 Marks)

- (b) AOB Fund

(2 Marks)

- (c) AOCE Fund

(2 Marks)

Ans. (a) AGI Fund is Army Group Insurance Fund introduced w.e.f. 01.01.76 to cater to socio-economic needs of the Army Personnel and their families.

TAGI Scheme was introduced in 09.10.85 for Territorial Army Personnel and their families.

The CDA(O) makes compulsory deduction in respect of officers through their IRLAs. The deductions qualify for rebate of Income Tax.

(Authority: Para 257 & 257 A, OM Part IX)

- (b) Army officers Benevolent Fund (AOB Fund) is constituted for the benefit of officers and members of their Family or their dependents. Subscription is compulsory and recoverable in advance once in a year from June salary. However, NCC officers, TA Officers & MNS officers are exempt.

(Authority: Para 258A, OM Part-IX)

- (c) AOCE Fund has been constituted for awarding scholarships to the children of officers. Subscription is compulsory for all commissioned officers. Subscription is compulsory for all commissioned officers of PRC, EC and SSC including Special List, Medical and Veterinary officers. CDA(O) deducts half yearly subscription in advance from April & October salaries.

(Authority: Para 258 B, OM Part-IX)

Q.9 (a) In the context of the computerised system of Pay Accounts(ORs), what is meant by master Missing Lists-ACRs ?

(3 Marks)

- (b) What are the primary reasons for Master Missing ACR cases to arise ?

(5 Marks)

Ans. (a) Master missing cases are those transactions which have been rejected by the computer

since the Army Number mentioned in the transactions does not have a corresponding master record in the computer. In cases where master records are not held on the computer, the details of the same are printed (as Master Missing Lists- ACRs) and furnished to the PAO by the EDP Centre.

(Authority: Para 38, OM Part-X, Vol.III)

(b) The primary reasons for Master Missing ACRs may be due to the following facts:

- (1) Non- creation of masters for Recruits
- (2) Non- creation of master for ' Transfer - in ' cases
- (3) Part-II orders notifying the allotment of JC numbers not actioned.
- (4) ACRs of ' Transfer-out' cases not extracted and sent to other PAOs.
- (5) Army Numbers not checked in the Edit lists completely
- (6) Feeding of ACRs in respect of IRLAs maintained manually.

(Authority: Para 38.1, OM Part -X, Vol. III)

Q.10 (a) Define what is meant by 'Rejections' in the context of computerised pay accounting(ORs)

(3 Marks)

(b) Mention the types of DO Part-II Rejection.

(5 Marks)

Ans (a) 'Rejection' occurs when transferring valid records of various modules of ORs pay system during QE process. Transfer is equivalent to adjustment of the transaction e.g. ACRs, DOs-II etc in the IRLA by the computer.

(Authority: Para 54, OM Part-X - Vol.III)

(b) Rejections by EDP of DO Part-II are of the following types:

- (i) Master Missing cases
- (ii) Duplicate/Overlapping DOs II
- (iii) DO II Audit Rejections
- (iv) DO II Rejection- Audit Cage Generations
- (v) Transfer Rejections

(Authority: Para 55, 56, 58, 59 & 60 OM Part X- Vol.III)

Q.11 (a) When does the payment of pension become time-barred ?

(2 Marks)

(b) A retired Accounts Officer of the D.A.D. after first drawal of pension through the D.P.D.O fails to claim payments for 2 years. Whose sanction is necessary to release the arrears?

(3 Marks)

(c) The widow of retired Defence Civilian applied for drawing Life Time Arrears within

six months of his death. The Defence Civilian had not drawn his pension for 40 months prior to his death. How will the claim be dealt with ?

(3 Marks)

Ans. (a) If the pension is not drawn for one year, it becomes time- barred and sanction of the competent authority is required for its payment.

(Para 47(xxii), O.M. Part IV Vol-V)

(b) The DPDO is competent to sanction such claims.

(Note below Para 47(xxii), O.M. Part -IV, Vol-I)

(c) In cases where a pensioner fails to draw pension for 3 consecutive years, his name will be struck off the pension establishment. If the pensioner dies without applying for re-admission, he cannot be considered to have left anything which may be paid to his heir. The question of payment of LTA does not therefore arise in the instant case.

(Note below Para 62, O.M. Part IV, Vol. V)

Q.12 (a) A Commissioned Officer of the Army leaves a Mess Bill of Rs. 1,000 unpaid before his retirement. Can this due be recovered from the Service Pension ? Will the position undergo any change in the case of Disability Pension ?

(4 Marks)

(b) A PBOR is convicted of a criminal charge but is acquitted on appeal by a higher Court. Before acquittal, he had spent 1 year in jail. How will he pensionary entitlement be regulated ?

(4 Marks)

Ans (a) The demand on account of MES Bill cannot be recovered from the pension. Even public claim/Govt. dues cannot be recovered from Disability pension without special sanction of the Govt.

(Note 2 & 1 below Para 77 O.M. Part IV Vol V)

(b) The payment of pension will be suspended during the period of imprisonment. On acquittal, pension will be admissible to him for the entire period including the period spent in jail.

(Note 3 below Para 132 O.M. Part IV Vol.V)

SECTION-III
FACTORY PORTION

- Q.1.** (a) What is idle Time Payment ? **(2 Marks)**
- (b) When such payments are made ? **(4 Marks)**
- (c) Who sanctions idle Time payment exceeding a week ? **(2 Marks)**

- Ans.** (a) When industrial employee of a Factory rendered temporary surplus and are not provided with alternative suitable employment in the normal manner under certain specified conditions and paid wages is called Idle time payment.
- (b) Idle time payment are made under the following circumstances:-
- (i) high atmospheric humidity hindering certain operation in explosive factories or unfavorable weather condition hindering specialised optical work deputed as sunlight
 - (ii) Plant furnace and transport breakdown, inspection report
 - (iii) Temporary shortage of materials.
 - (iv) Failure of power supply
 - (v) Temporary shortage of work in highly specialised section such as instruments repair.
- (c) Ordnance Fys Board is the competent authority to sanction idle him payment beyond a work.

(Auth: Para 160 OM Pt. VI)

- Q.2.** (a) What is Manufacturing Warrant ? **(2 Marks)**
- (b) What are the various points to be seen during the audit of manufacturing warrant ? **(6 Marks)**

- Ans** (a) A manufacturing warrants the authority for deployment specific category of worker in a job. It is prepare the factory for each item of work ordered to be done factory quoting there in the original authority for doing the work. Drawing and estimates are prepared thereafter, the description and quantity of work to done, the work order & warrant no allotted to be done the operation to be performed and the rates to be paid to each workers are specified therein.

(Auth: Para 621 OM Pt. VI)

- (b) Following points are seen while auditing the manufacturing warrants:
- (i) No payments are normally paid for the excess of number authorized on the

warrants. So also no operation shown in the manufacturing warrant are paid through P.W. cards.

(ii) No extension has been given to the life of a warrant i.e. 6 months or one year as the case may be without prior approval of OFB.

(iii) From the completed warrants it may appear that certain operations have not been executed when a greater number of those provided in the original warrants have actually been executed by operating NRR forms. If this is the recurring in nature AO should suggest amendments where considered necessary.

(iv) Rejection at each stage should be scrutinized and should ensure that those are not extended the authorized limit without satisfactory reason.

(Auth: Para 277 & 278 OM Pt. VI)

Q.3. What is meant by 'Overhead Expenditure' ? How these are classified in Cost accounts and charged to cost of production ?

(4 +4 Marks)

Ans. Overhead expenditure constitute that element of cost which cannot be directly charged to the product. Apart from labour and material thereon other cost which are necessarily incurred for production. Such charges may be in the form of services rendered by other service section like power, steam gas stores etc. or may be incurred in the section itself on account of general shop labour, supply of oil, lubricants, cotton, waters, sundry shop stores. For the purpose like cost accounting, it is necessary that the proper system of accounting of such charges and their distribution is adopted.

Overheads in Ordnance Factories are broadly classified as variable & fixed according to the nature of expenses. Variable expenses are those which vary in sympathy with the load of production i.e. they increase or decrease with every increase or decrease in production though not in direct proportion. Fixed overhead are by nature those items expenditure which do not depend on the volume of manufacture but generally remain constant irrespective of the load involved.

(Auth: Para 526, 528 OM Pt. VI)

Q.4. How are the following documents priced:

(4x2 Marks)

- (a) Receipt voucher for trade supplies
- (b) Receipt voucher for supplies from sister factories
- (c) Demand Note
- (d) Issue Vouchers

Ans. (a) Local purchase supply order is the basis of pricing the Receipt Voucher for stores received from trade. Those vouchers are priced with reference to the rates quoted on supply orders including sales, excise duty etc but excluding railway freight.

(Auth: Para 409 (B) OM Pt. VI Vol.I)

- (b) Receipt vouchers for supplies through sister factories are priced as per priced copies of Receipt vouchers sent by the consignee factory. If those vouchers are not received they are priced provisionally at the latest receipt rate or on estimated basis.

(Auth: Para 409(F) OM Pt. VI)

- (c) Demand notes are priced with reference to the average higher rate for item as per Priced Stores Ledger.

- (d) Issue vouchers are priced with reference to the average ledger rate for the items as per P.S.L.

(Auth: Para-422 OM Pt. VI)

Q.5. What are the various types of Extracts issued to the factory for manufacturing the item? What is an open Extract ?

(5+3 Marks)

Ans. There are 5 types of extracts issued to the factory:-

Clause I Extracts: For army orders and misc. services like repairs for Navy, and Air Force.

Clause II : For payment services

Cause III : For indor factory services

Clause IV : For stock (other than capital)

Clause V : For capital services

An open extract is a general authority for factorise to carry out miscellaneous and petty services falling under clause I,IV & V for which specific sanction of OFB is not required in each individual case. Before the commencement of each financial year open extracts are issued to the factories by the OFB.

Q.6. What are manufacturing Account Statement 'A' and Manufacturing Account Statement 'B' ? Where these details are posted?

(6+2 Marks)

Ans. A Statement of Services known as Manufacturing Accounts Statement 'A' showing the value of issues under different heads are compiled by 25th of the following month of which it relates. This account will be compiled in IAF-116 from the original vouchers independently and agreed with the schedule of 'P' Vouchers whose no vouchers are prepared the expenditure incurred thereon are compiled from respective cost cards.

Manufacturing Account Statement 'B' exhibits the miscellaneous receipt such as recovery of license fees sale of stores not held in stock charge etc is prepared by 25th of the following month to which it relates. This is prepared with supporting schedule IAF- 120

Both the Manufacturing Account Statement A & Statement 'B' are posted in the Principal Ledger.

Q.7. What is the authority of manufacture of machine tools etc. by MTPF Factory Ambernath?

How the accounting in this case are carried out ?

(4 +4 Marks)

Ans. An order authorising supply of machine tools of MTPF manufacture based on demand of Ordnance Factories duly concurred in by Fin Dir OFB will be issued by OF Board giving details of requirement of such machine tools, OF Demand No. & consignees etc.

On the authority of above quoted order MTPF will undertake the supply of machine tools to the indenting factory ex-stock/ex manufacture against class-IV Extract under stock series of work order. Issuing of IFD & class extract is not necessary in this case.

The completed machine will be issued on 'P' services issue V is encased with 'Capital P. Voucher.' In the receiving factory such 'P' series issue voucher will be taken on charge directly on 'M' series of Receipt Voucher. The AO of the receiving factory will link the 'M' voucher with the priced copy of 'P' issue vouchers received from AO MT. He will prepare a P.M. for the value of machine use as per 'P' Vouchers.

Q.8. What is a Principal Ledger ? What are the basis on which entries are made therein ?

(4+4 Marks)

Ans. Principal Ledger is a ledger maintained for facilitating the preparation of consolidated Manufacturing Accounts and arriving at the cost of production under various categories

Entries in the ledger are made from journal entries made with reference to the opening transactions VIZ the closing stock, value of the capital in the previous year outstanding assets and liabilities case compilation, PAS. Manufacturing Account Statement 'A' & 'B' closing value of WTP Closing value of capital assets, finished stock on 31st re-computed from service statements; Outstanding assets liabilities as per different balances for stores, capital & other revenue transaction.

The head of account in the principal ledger have been devised as to provide the information required for the compilation of final accounts and also for effecting a direct reconciliation of the figures in the financial account with those compiled in the cost accounts to the extent they are reconcilable.

Q.9. What is meant by 'Except System' How the cost of components manufactured under Except System are brought to cost of end product ?

(4+4 Marks)

Ans. In cases if items comprising of many components which is peculiar to certain factories due to main items of manufacture being complex in nature. The components so manufactured are held on production charge till they are drawn for assembly in the main out turn work order instead of taking them on component stock charge. This bring an exception to the ground procedure is called an Except System.

The finished components instead of being utilised directly on the assembly are kept on production charge and a production card is maintained for each component. Receipts are

posted based on Inspection notes and drawal done through Red Demand Notes These are brought to cost accounts through a component abstract.

Q.10. Distinguish between:-

(4+4 Marks)

- (a) 'S' series of Issue Vouchers & 'P' series of Issue Voucher.
- (b) Piece work profit and Incentive Bonus.

Ans (a) Items issued from stock are documented under 'S' series Issue Vrs. when issues are made directly from production, these are documented under 'P' series Issue vouchers. 'S' series of Issue Vouchers are accounted through Monthly Priced Stores Account. 'P' series Issue Vouchers are accounted through the Monthly Manufacturing Account Statement 'A'.

- (b) Piece work profit is an incentive paid to the direct laborers working on piece work rates. The difference between the piece work arriving and the notional time wages is expressed as a percentage of time wages; this is referred to as piece work profit percentage.

Incentive bonus is an element of wage paid to all workers other than within the factory premises. Maintenance workers attached to production centre are paid bonus @ 50% of P.W. profit earned by the production section. Workers not attached to any particular section will be paid 50% of the P.W. profit for the factory as a whole as incentive bonus.

Q.11. (a) What are 'Semi Statements' ?

(3 Marks)

- (b) What action are taken in Accounts Office on these statements ?

(5 Marks)

Ans. (a) Semi statements are the particular statement prepared by the shops at the end of the year after taking into account the actual stock as physically verified. Unused materials part finished works full list of articles found showing the stage of manufacture each has reached under relevant Extract & work orders and warrant nos. etc are reflected in the statement. These are sent to AO for verification and pricing.

Semi statements are verified in Accounts officer with Deference to manufacture and material warrants, warrants Register Cost Cards and production cards as to the correctness the quantities shown therein. The following checks are exercised in AO on semi statements:

- (i) to verify that all incomplete warrants have been included w.r. to Warrant Register
- (ii) that the quantities of material as shown are correct w.r. the posting in material warrants and the pricing of materials are done at the rate at which

- bulk of Demand/Return notes un priced.
- (iii) That the operation as shown are correct with reference to the posting in the relevant manufacturing warrants and pricing of the operation are done at correct rates.
 - (iv) The final scrutiny are done done with reference to cost cards and Production ledger cards, levy of DA and overheads. Thereafter an abstract are prepared for the series in respect of each work order and warrants for working out of cost of production.

Q.12 Comment on the decision of a General Manager in respect of the following:-

(4+4 Marks)

- (a) Pre payment was not insisted upon for executing a Civil Trade Order in respect of a private firm.
- (b) Authorises rectification free of charge at the premises of a consignee of a Civil Trade Order.

Ans. (a) The decision of the General Manager in order. Normally Civil Trade Order are executed on a pre payment basis but this is not insisted upon from the Govt. Department including state governments and recognised from of known financial stability provided the G.M. is personally satisfied that this will not result in loss to Govt.

- (b) If the G.M. of the supplying factory is satisfied that the replacement/rectification is due to any defect in materials workmanship which were not noticed at the time of dispatch of stores, he may authorise the rectification/replacement being done free of charge at the premises of the consignee provided the cost of rectification and bright including TA/DA both wages and office charges incidental thereto does not exceed Rs. 500 per order. All cases exceeding above will be decided by OFB.

SECTION-IV
(AIR FORCE PORTION)

Q.1. What are the audit checks required to be exercised by DCDA(AF) New Delhi on the pension claims of Air Force Officers?

Ans. (Authority: Subpara of Para 226(1); OM Part III)

Q.2. Which section of CDA(AF) Dehradun deals with the following nature of work:

- (a) Recovery from Foreign Govts. on account of cost of training imparted by IAF to Foreign Govt. Personnel.
- (b) Audit of Railway Warrants & Forms 'D'
- (c) Scrutiny/audit & scheduling of cash vouchers received with monthly cash accounts.
- (d) Post audit of claims on account of subsistence allowance to recruits.

Ans. (a) (Authority: Stores Section; Para 97(14); OM Part III)

(b) (Authority: TA Section; Para 142(iii); OM Part III)

(c) (Authority: Imprest Section; Para 177 A(iii); OM Part III)

(d) (Authority: 'M' Section; Para 51(Vii); OM Part III)

Q.3. Can the following be admitted in audit:

- (i) Repeat order has been issued on the same day to the extent of 60% of the financial limit of the local purchase powers.
- (ii) The bills for purchase of medicines from firms by AF units are being sent to CDA(AF) for post audit.
- (iii) Refund of appeal fee from the candidates who withdraw their appeals before the medical re-board is convened.
- (iv) The CFA has accepted second highest bid without any reasons for disposal of Grass.

Ans. (i) Not in Order;

(Auth: Para 103(e); OM Part III)

(ii) No, bills require to be preaudited;

(Auth: Para 97(3)(C); OM Part III)

(iii) Admissible in audit;

(Auth: Para 72(ii) OM Part III)

(iv) Not in Order;

(Auth: Para 100(xxvi); OM Part III)

- Q.4** (a) Define the terms 'casting and linking'.
(b) What procedure is required to be observed in linking of vouchers into tally cards or vice versa ?

Ans. (a) Authority: Para 53; AFLAM

(b) Authority: Para 61; AFLAM

- Q.5** (a) What type of local contracts are concluded by Officer Commanding stations on Air Force side for domestic services ?
(b) What are the prescribed audit checks to be exercised by LAO(AF)

Ans. (a) Authority: Para 145 AFLAM

(b) Authority: Para 146 AFLAM

- Q.6** What are broad guidelines to be followed by LAO(AF) for classification of irregularities as (i) objections and (ii) observations ? Is there any priority order in which these irregularities should be reflected in the objection statement ?

Ans. (i) Authority: Para 13 & 14 of Appendix II referred to in Para 30; AFLAM

(ii) Authority: Para 180 & 181; AFLAM

- Q.7** Explain the purpose and importance of the following documents from audit point of view:
(i) Special Flight returns

(ii) Flight Authorization Book [IAFF(O) 1202]

Ans. (i) Authority: Para 206; AFLAM

(ii) Authority: Para 199; AFLAM

- Q.8.** Define 'strike -off' and 'write-off' of Air frames and their components. What is the procedural difference in regulating such losses ?

Ans. Authority: Para 13 and 27, 28; Chapter 22; IAP-1501

- Q.9.** What do you understand by the following terms in the context of explosive stores:

- (i) Red Carding of Stores
(ii) Yellow Carding of Stores
(iii) Black Carding of Stores

Ans. (i) Authority: Para 6 Chapter 38 Part III; IAP-1501

(ii) Authority: Para 8 Chapter 38 Part III; IAP-1501

(iii) Authority: Para 9; Chapter 38 Part III; IAP-1501

Q.10. Please comment:

- (a) IAF equipments have been issued on loan to R&D Organization for a period of 3 years with prior sanction of COAS.
- (b) Unit commander of an IAF Unit has issued the equipment on loan in emergency to Civil Authorities and reported the case to Air HQrs. for converting sanction.

Ans. (a) Not in order;

(Authority: Para 1(a); Chapter 11; IAP-1501)

(b) Yes in Order;

(Authority: Subpara below Para 1(b); Chapter 11; IAP-1501)

Q.11. What is the difference between the following terms:

- (i) Obsolete equipment and Redundant equipments.
- (ii) Maintenance equipment and mobilization equipment.

Ans. (i) Authority: S.No. 47 & 59; Glossary; IAP-1501

(ii) Authority: S.No. 42 & 44 Glossary; IAP-1501

Q.12. An AF unit has been ordered to be reverted from war system of accounting to full peace time accounting. What procedure is required to be followed by the unit ?

Please also indicate the extent of involvement of the LAO(AF) ?

Ans. (i) Authority: Para 92 to 97; Chapter 42; IAP-1501

(ii) Authority: Para 226(4); OM Part III

SECTION -V

(NAVY PORTION)

Q.1. (a) What are the basic difference between self-accounting and non self-accounting ships ?

(6 Marks)

(b) Who maintains the Sea Store Accounts of non self-accounting ships ?

(2 Marks)

Ans. (a) The differences between self accounting and non self-accounting ships are:-

(i) In self-accounting ships/establishments the supply officer is responsible for receipt, custody and accounting of all stores whereas in non-self-accounting ships/establishments, there are no supply officers deputed for this purpose.

(ii) In self-accounting ships/establishments, all stores are received by the Heads of Departments from the supply officer while in non-self accounting ships the stores are received and consumed directly by the Head of Departments.

(iii) Permanent stores ledger and consumable stores ledgers are maintained in self-accounting ships/establishments, which are not maintained in non-self-accounting ships/establishments.

(Auth: Para 28, INBR-12)

(b) The sea store accounts of non-self-accounting ships are maintained by the Base Supply Officer of the base to which the ship/establishment is attached.

(Auth: Para 28, INBR-12)

Q.2. (a) Upto what extent can furniture hire charges be reimbursed to Naval Officers ?

(4 Marks)

(b) State the general audit points seen by IRLA section during pre- audit of these claims ?

(4 Marks)

Ans (a) Furniture hire charges in excess of 2½% of the Officer's pay but subject to a maximum limit of a further 2½% can be reimbursed to a Naval Officer.

(b) During pre-audit, the IRLA Section will check on:

(i) dealer's receipt in original is available with the claim;

(ii) certificate from the BSO in the prescribed form;

(iii) correctness of the scale is certified by the UABSO;

(iv) the claim does not exceed the authorized limit.

(Auth: Para 228, OM Pt.VII)

Q.3. (a) What are quasi-permanent Naval Stores ?

(4 Marks)

(b) Who has the custody of paints in a ship and to whom does the render a weekly report ?

(4 Marks)

Ans. (a) Quasi-permanent stores are Naval Stores which are semi- permanent in nature and are issued to departments in exchange for an equal amount of unserviceable stores of the same description viz; buckets, cans, torches, coir mats etc.

(Auth: Para 12, INBR-12)

(b) Paints are in custody of Shipwright Officer/Executive Officer and he will render a weekly report of expenditure to the Supply Officer.

(Auth: Para 95, INBR-12)

Q.4. What is the procedure to be followed for the audit of store accounts of ships under orders to leave the local audit area of one N.L.A.O. to that of another N.L.A.O. ?

(8 Marks)

Ans. The audit of stores accounts of ship under orders to leave the local audit area of one NLAO to that of another should invariably be given priority and it should be seen that the local audit of such ship's account is in a current state before the ship's departure. Local audit of all accounts of the ship will be completed and all objections including those already outstanding should, as far as possible, be settled before the ship is transferred to the jurisdiction of the new NLAO. A special report showing the exact state of the ship's account have been last audited will be sent by the NLAO auditing the accounts to the NLAO under whose audit are the ship has moved, together with the following documents:

(1) List of auditable accounts and documents maintained by the ship and the period upto which they were last audited.

(2) Extracts from objection statements of items that could not be settled.

(3) Unlinked vouchers.

(4) List of closing balances of last audited accounts which are rendered to the office, e.g. Victualling accounts.

(Auth: Para 10 of NLAOs Manual)

Q.5. Explain briefly what do you understand by 'Overheads' ? What are the different categories/types of overheads in Cost Account of the Dockyard ?

(4+4=8 Marks)

Ans All expenditure incurred in the Dockyard connected with its working and maintenance, which cannot be charged direct against a specific work relating to manufacture or repairs to

ships, equipments etc. is termed as overheads or indirect expenditure. For example: Supervision, establishment, depreciation of buildings, machinery, crafts etc. repairs to machinery, building etc. These charges are allocated to the Direct Work Orders as fixed or variable overheads on labour and as stores on cost on material.

- (a) Fixed overhead charges
- (b) Variable overhead charges
- (c) Stores on cost on material

(Auth: Para 519 of OM Part VII)

Q.6. Which are the different types of leave, officers & sailors of the Indian Navy are entitled to ?
(4+4=8 Marks)

Ans Naval Officers are entitled to:

- (i) Casual Leave
- (ii) Annual Leave
- (iii) Furlough
- (iv) Sick Leave
- (v) Leave on invalidment

Sailors are entitled to:

- (i) Casual Leave
- (ii) Annual Leave
- (iii) Sick Leave
- (iv) Compassionate Leave
- (v) Leave on discharge or retirement
- (vi) Special Leave

(Auth: Para 255 of OM Part VII)

Q.7. What are work-orders ? How are these prepared ?
(8 Marks)

Ans. No work can be undertaken in the Dockyard without due authority in the form of an order for work known as Work Orders. The work orders are numbered according to serial numbers assigned in the syllabus of work orders published annually by the ASD, Dockyard. The numbers are grouped according to the nature of the expenditure. Work orders issued by ASD will show the work order number, date, description of work, estimates of cost under different elements of cost and authority for the Deptt. carrying out the work.

(Auth: Para 514 of OM Part VII)

Q.8. Define Naval air-stores. What are the different types of air-stores ?
(8 Marks)

Ans. Air stores are those items of spares, equipment or stores used exclusively for aviation purposes and are distinct from Naval stores. Air stores accounts in Naval air stations are

maintained in the manner laid down in Naval Air Stores Accounting Directive.

- (a) Permanent Stores.
- (b) Consumable Stores

Permanent stores are those with a reasonably long life which are not consumed in use and are valuable enough to require complete accounting.

Consumable stores are those which are consumed or used to destruction within a limited period or are of such low value that complete accounting is not necessary.

(Auth: Para 193, NLAO's Manual)

- Q.9.** (a) What is the purpose of a pay book and when is a pay book withdrawn ? **(3+3 Marks)**
- (b) What is the quantum of audit by IRLA section on closed pay books ? **(2 Marks)**

Ans. (a) The main purpose of issue of pay book to a service personnel is to enable him to draw advances against his net entitlement. All payments made by the supply Officers/Imprest holders are entered in the pay book on the date they are made. When the pay book of the individual is closed, it is returned to supply officer and a new one issued to the individual. The pay books will be withdrawn on retirement/discharge/resignation, when seconded to other services and on promotion to commissioned rank and forwarded to NPO.

(Auth: Para 209 of OM Part VII)

- (b) When closed pay books are received in the IRLA Section, 1/3rd of the pay books will be selected and entries of pay and allowances noted therein will be verified with the IRLA.

(Auth: Para 209 of OM Part VII)

- Q.10.** What is Deposit Stores Ledger ? How is it audited ? **(8 Marks)**

Ans Deposit Stores Ledgers are maintained for accounting of stores procured for particular ships/establishments. It will be seen in audit that-

- (a) necessary instructions for the maintenance of deposit store ledgers contained in the Naval Stores Department Memorandum No. 5/1953 and Bombay Naval Stores Deptt. order 20(i) of 1953 are duly complied with,
- (b) the deposit store ledgers are maintained indent-wise and not item-wise and they also show date, voucher number, quantity issued, to whom issued and balance in the last column of the form. Instructions regarding the receipt and issue of stores, regularization of

discrepancies, stock verification of items held in- charge etc. intended for the main stock are equally applicable to the deposit stores.

(Auth: Para 93, NLAO's Manual)

Q.11. In the audit of service documents of sailors of the Indian Navy, what will be your audit checks ? What is the percent check to be carried out on service documents ?

(8 Marks)

Ans Audit checks will be as follows:-

(i) These documents are kept posted upto date including the awards of good conducts medals, proficiency medal etc.

(ii) Grant of leave is correctly entered in the leave sheets and the concession of free passage is limited to one return passage per year.

(iii) Entry giving the distance between residence of the sailor in his home town to the nearest railway station is made in red ink at the top of the leave sheet.

(iv) Entries published in drafting orders and genforms are posted in the service documents. For this purpose the drafting orders and genforms for one month will be verified with the entries in the service documents.

(Auth: Para 191 of NLAO's Manual)

Percentage check of Service Documents is 25%.

Q.12. Who is responsible for maintenance for IRLAs of Naval Officers and sailors ? How are the IRLAs arranged ? What is fundamental principle to be observed in the test check of the disbursement ledgers and connected documents ?

(4+4= 8 Marks)

Ans. IRLAs of Naval Officers and Sailors are maintained by the Supply Officer-in Charge, NPO. Officers and Sailors IRLAs are kept in separate binders arranged ship-wise and according to their serial number.

The fundamental principal to be observed in the test check of disbursement ledgers and connected documents is that all credit entries should be traced from the ledger into the relevant document and vouchers and all debit entries should be from the vouchers, genforms etc. into the ledgers.

(Auth: Para 172, OM Pt. VII)