

**S.A.S. EXAMINATION- PART-I**

**SEPTEMBER, 2005**

**SUBJECT-'A' 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.** (a) How many Standing Financial Committees are there and which are they? Which them respectively examines/scrutinizes the Appropriation Accounts and the technical aspects of the Budget Estimates of the Government of India? Which of these committees consist of members drawn from both Houses of the Parliament?

**(2+2+1= 5 Marks)**

(b) What is Finance Commission ? Give brief description of its duties.

**(3 Marks)**

**Ans.** (a) There are three Standing Financial Committees of the Parliament. They are:  
(i) Public Accounts Committee  
(ii) Estimate Committee; and  
(iii) Committee on Public Undertakings.

Appropriation Accounts are examined/scrutinized by Public Accounts Committee While the Budget Estimates are examined/scrutinized by the Estimates committee.

Public Accounts Committee and the Committee on Public Undertakings consist of members drawn from both Houses of the Parliament.

**(Auth: Para 34.1, 34.2, 34.3 and 34.5 of Introduction to Indian  
Government Accounts & Audit)**

(b) Finance Commission is a constitutional body constituted by the President of India under Article 280 of the constitution at the expiry of every fifth year of or such earlier time as he may consider necessary.

The duties of the Finance commission briefly are:

- To make recommendations regarding the distribution of Income- Tax and Union excise duties between the Union and the States and the allocation of the States' share among them;
- To make recommendations regarding the principles which should govern grants under Article 275 of the constitution.

Further, the President may also refer any other matter to the commission in the interest of sound finance.

**(Authority: Paras 5.1, 5.2 and 5.3 of Introduction to Indian Government Accounts and Audit)**

- (a) What is cash assignment ? (2 Marks)
- (b) Who arranges for it ? (2 Marks)
- (c) How does cash assignment differ from Imprest ? ( 4 Marks)

**Ans.** (a) Cash Assignment is a letter of credit in favour of a Disbursing officer authorising a particular Treasury officer or the Bank to make payments demanded by him upto the limits specified therein.

**(Authority: Para 194, Defence Account Code)**

- (b) Under the rules, only CDA and such officers of DAD as authorised by him can draw cheques on any civil treasury or draw cheques on any civil Treasury or the bank to meet the requirements of Defence Services. However, the CDA can authorise certain officers of the Defence Services to draw cash from the civil Treasuries or the Bank for certain Specified purposes against cash assignments arranged in their favour.

**(Authority: Para 194, Defence Accounts Code)**

- (c) An Imprest is an advance placed at the disposal of a disbursing officer upto the specified limit. While in the case of cash assignment, only an authorisation letter is issued on the basis of which payment is allowed by the bank, in the case of imprest, a cheque is issued by the CDA. The disbursing officer incurs expenditure out of emprest and goes on recouping the amount spent from CDA within or upto the limit authorised.

**(Authority: Para 194, Defence Account Code Para-2, FR Pt-I, Vol-I)**

**Q.3.** Expand the following abbreviations relating to Defence Organisations:  
**(Each 1 Mark)**

- (i) MIDHANI
- (ii) B.E.M.L
- (iii) ANURAG
- (iv) G.R.S.E.
- (v) D.G.Q.A.
- (vi) G.S.L.
- (vii) D.R.D.O.
- (viii) D.G.D.E.

- Ans.**
- (i) Mishra Dhatu Nigam Limited;
  - (ii) Bharat Earth Movers Limited;
  - (iii) Advanced Numerical Research and Analysis Group;
  - (iv) Garden Reach Shipbuilders and Engineers Limited;
  - (v) Directorate General of Quality Assurance;
  - (vi) Goa Shipyard Limited;
  - (vii) Defence Research and Development Organisation; and
  - (viii) Directorate General of Defence Estates.

**(Authority: Defence Services Estimates)**

- Q.4.** (a) What is Charged Expenditure ? Is it required to be submitted to Vote of Parliament

**(3 Marks)**

- (b) Indicate whether the following come under the category of Charged Expenditure or not :

**(Each 1 Marks)**

- (i) Interest charges on Fund Balances;
- (ii) Loan for Water Supply Programmes to State Governments;
- (iii) Cost of Stamp Paper when required to be paid by the Government in terms of decree/arbitration;
- (iv) Expenditure incurred by the Government prior to the announcement of the decree/award as legal expenses; and
- (v) Arrears paid to a Government Servant in satisfaction of a Court judgement.

- Ans** (a) Under Article 112(3)(f) of the constitution of India, payments made in satisfaction of a Judgement, decree or award of any court or arbitral tribunal will be treated as expenditure "charged" on the Consolidated Fund of India.

No, the " Charged expenditure is not required to be Submitted to Vote of Parliament, although it (the Parliament) has the right to discuss such estimates.

**(Authority: Para 32 & 249 of Defence Accounts Code and Para-2, FR Pt-I, Vol-I)**

- (b)
- (i) Charged Expenditure;
- (ii) Charged Expenditure;
- (iii) Charged Expenditure;
- (iv) Not a Charged Expenditure; and
- (v) Charged Expenditure

**(Authority: Para 249, 254 and 255 Defence Accounts Code)**

**Q.5.** (a) What is a Last Pay Certificate(L.P.C.) **(2 Marks)**

(b) How is the genuineness of an L.P.C. checked in audit ? **(2 Marks)**

(c) Comment on whether the L.P.C. is required to be issued in the following cases and give reasons in support of your answer: **(2+2 Marks)**

(i) Transfer of an individual from one establishment to another, in whose case the accounts are maintained on the Running Ledger System of Pay Accounting ; and

(ii) On promotion to commissioned rank in the case of JCOs/ORs of the Army.

**Ans** (a) Last Pay Certificate is a document required to be produced by a transferee in his new office to ensure that he is paid his pay and allowances in accordance with his entitlements. It is signed by the previous audit officer. No person can draw any pay and allowances without producing an LPC from the officer by whom he was paid last (unless he is a new recruit)

**(Authority: Para 75 FR Pt-II)**

(b) The original, ink signed copy of the LPC countersigned by the CDA and embossed with the LPC seal is sent to the transferee's new office. Then it is compared with the duplicate copy of the LPC produced by the individual.

**(Authority: Para 76 FR Pt-II)**

(c) (i) No, because the audit officer for payment does not change;

(ii) Yes, because the audit officer for payment changes.

**(Authority: Para 76 FR Pt-II)**

**Q.6.** (a) Who is responsible for preparation of the Appropriation Accounts of Defence Services ? What is the objective of preparation of Appropriation ? **(2+1= 3 Marks)**

(b) What do Appropriation Accounts deal with ? **( 5 Marks)**

- Ans** (a) The Secretary (Defence Finance)/Financial Advisor(Defence Services) is responsible for the preparation of the Appropriation Accounts of the Defence Services and for its submission to the comptroller and Auditor General of India and the DGDS on the 15th of January of the year following to which they relate.

The objective is to present the audited accounts of the expenditure from the appropriations for the year with full explanations of all important Variations between the final appropriations and the actual expenditure.

**(Authority: Para 532 & 533 of Defence Audit Code)**

- (b) Appropriation Accounts deal with:
- (i) A general review of expenditure on Defence Services;
  - (ii) Changes in form and classification in the accounts;
  - (iii) Miscellaneous observations;
  - (iv) Explanations in variation between the final Appropriations and the actual expenditure; and
  - (v) Review of MES expenditure;

**(Authority: Para 534 of Defence Audit Code)**

- Q.7.** Please state in which Section of a Regional Controller's/Principal Controller's office are the following claims/matters dealt with :

**(1X8= 8 Marks)**

- (i) Audit of Sale Accounts;
- (ii) Annual Audit Certificate;
- (iii) Debt Head Register;
- (iv) Conservancy Service Agreements;
- (v) Payment on account of auctioneer's commission;
- (vi) Deviation orders;
- (vii) Schedule-III
- (viii) Proposal for correction of Office Manuals.

- Ans** (i) Store Audit Section;
- (ii) Financial Advice Section;
  - (iii) Accounts Section;
  - (iv) Miscellaneous Section;
  - (v) Store Audit Section;
  - (vi) Engineering Section;
  - (vii) Disbursement Section; and
  - (viii) Organisation and Method cell.

**(Authority: OM Part -II Vol-I)**

- Q.8** (a) What do you understand by "Vote on Account" ? Can it be utilised for expenditure on "New Services" ?

**(2+2= 4 Marks)**

(b) What do you understand by Punching Medium ? (2 Marks)

(c) Which class of Punching Medium/Voucher is used for the following transaction ? (1+1= 2 Marks)

- (i) Transfer Entries;
- (ii) Abstract of Receipts and Charges;
- (iii) Cash Accounts; and
- (iv) DID Schedules.

**Ans** (a) To enable the government to carry on its normal activities from 1st April till such time as the Appropriation Bill is passed/enacted, a Vote on Account is obtained from the Parliament through an Appropriation(Vote on Account) Bill. This generally represents the Sum required for meeting the expenditure likely to be incurred during April and may every year and broadly also represents 1/6th of the gross estimated expenditure included in the Demands for grants.

Normally the purpose of vote an Account is to keep the government functioning, pending passing of Demands for grants for the full financial year. Therefore, expenditure on "New Services" should not be incurred from "Vote on Account".

**(Authority: Para 180 of Defence Account Code & Rule 60 of General Financial Rules)**

(b) A Punching Medium is a form used for transcribing data from the original vouchers and for codification of heads of accounts for enabling computerised compilation of accounts of receipts and expenditure in Defence Accounts Department. A Punching Medium serves as a medium from which data are taken on tape mechanically.

**(Authority: Para 135 of Defence Accounts Code)**

- (c) (i) Class of voucher-2;  
(ii) Class of voucher-4;  
(iii) Class of voucher- 5; and  
(iv) Class of voucher- 8

**(Authority: Para 135 of Defence Accounts Code)**

**Q.9.** Write short notes on ANY TWO of the following: (4+4=8 Marks)

- (i) Re-appropriation;
- (ii) Suspense Account;
- (iii) Military Receivable Orders(MROs); and
- (iv) Transfer Entries

**Ans. (i) Reappropriation:-** Re-appropriation is a methodology or mechanism which provides for transfer and flexibility in expenditure.

Re- appropriation provides flexibility to the Competent Authority by which savings in the budget under one head can be utilised to meet excess expenditure under another head, provided the heads are in the same Demand for grant Voted by the Parliament. The Cardinal principle is that an authority can re-appropriate only in respect of Savings arising out of the allotments placed at his disposal.

**(Authority: Para 192 of Defence Accounts Code)**

Also the re-appropriation is subject to the following few conditions:

- No re-appropriation permitted between Revenue and capital is permissible;
- No re-appropriation between charged and Voted expenditure;
- Reappropriation permissible only between expenditure heads.

Exercise of Powers of re-appropriation:

- between minor heads under a Major head by government of India.
- Between Sub-heads within the minor head- delegated to Ministry of Defence.

Certain Powers of re-appropriation have also been delegated to the lower authorities.

**(Authority: Para 192 of Defence Accounts Code)**

(ii) **Suspense Account:-**The transactions of receipts and payments which cannot, in the absence of further information or orders, be allocated to any particular head of account, and where the heads to which the transactions are likely to be adjusted are not known are taken to an intermediate Account known as "Suspense Account". When information is received subsequently, the correct head of account will be credited or debited by clearing the amounts compiled under the head "Suspense Account" The Charges under the head "Suspense Account" will consist only of items for which full particulars to classify properly are not available.

**(Authority: Para 244, Defence Account Code)**

(iii) **Military Receivable Orders(MROs):**

- Military Receivable orders (IAFA-507) are instruments issued by authorised officer/personnel through which payments to the government are made through Treasuries/Banks;
- Any Person paying money into a government treasury or one of the branches

of the State Bank of India or Reserve Bank of India shall do so with a Military Receivable order to be issued by an authorised officer;

- The MRO should distinctly show the nature of Payment, the person or officer on whose account it is made and the particular controller of Defence Accounts who is responsible for adjusting the amount; Based on the authority of the MRO, the Bank or Treasury shall accept the money and credit it as a Defence Services Receipt.

- The MROs are/will be prepared in triplicate. The first two copies will be presented to the Treasury /Bank who will deliver the original duly receipted, to the depositor, who will in turn forward it to the CDA/PAO(Ors) Concerned under a forwarding Memo. It will be the sole responsibility of the depositing officer to ensure that there occurs no delay in transmission of the original receipted MRO to the CDA/PAO(Ors) concerned.

- The Duplicate MRO will be retained by the bank for submission /transmission to the CDA concerned. The triplicate will be retained by the depositor as office copy.

- The validity of an MRO is for a period of twenty one days from the date of issue.

**(Authority: Para -11 of FR Pt-I Vol-I and Para 264 of Defence Account Code)**

(iv) **Transfer Entries:**

Transfer entries are accounting entries made in order to transfer an item from one head of account to another. There are necessary in order:

- (i) To correct an error of classification in the original accounts;
- (ii) To revise classification provisionally made as a matter of convenience in the first instance;
- (iii) To bring the amounts under proper heads of account;
- (iv) To adjust, by debit or credit to its proper head, an item outstanding under debt heads;
- (v) To adjust inter-departmental and other transactions which do not involve the receipt or payment of cash;
- (vi) To indicate all particulars explaining both the nature of adjustment and (if it is a correcting transfer), the grounds/reasons for such correction.

**(Authority: Para -55 Defence Account Code)**

- Q.10** (a) What is meant by Defence Proforma Account ? **(2 Marks)**
- (b) Where is it maintained ? **(1 Marks)**
- (c) State whether the following are 'True or False':



(1X5= 5 Marks)

(i) The transactions with or on behalf of Defence Services arising in the books of Posts & Telegraphs/Railways is adjusted through Defence Proforma Account.

(ii) The transactions of Defence Services taking place in branches of RBI and SBI are accounted through Defence Proforma Account;

(iii) Defence Transactions taking place at non-bank treasuries are accounted through Defence Proforma Account;

(iv) Defence Transactions at Banking treasuries on the authority of Pay Orders issued by Treasury Officers are accounted through Defence Proforma Account; and

(v) Payment of Pensions to Defence Pensioners through Treasuries is an example of a Defence Transaction at a Non-Bank Treasury.

**Ans.** (a) The Defence Proforma Accounts (DPA) is ONE central Account in the books of the Reserve Bank of India catering for the Defence Services as a whole. In the details working upto this Single Account(Proforma), the total figure for each controller will be available separately in the books of the Reserve Bank. All transactions with or on behalf of Defence Services arising in the accounts of other key commercial Ministries will be adjusted against the balances of the DPA maintained in the RBI.

(b) It is maintained by the central Accounts Section of the RBI at Nagpur.

(i) The transactions with or on behalf of Defence Services arising in the books of Posts & Telegraphs/Railways is adjusted through Defence Proforma Account;

(ii) The transactions of Defence Services taking place in branches of RBI and SBI are accounted through Defence Proforma Account:

(iii) Defence Transactions taking place at non-bank treasuries are accounted through Defence Proforma Account;

(iv) Defence Transactions at Banking treasuries on the authority of Pay Orders issued by Treasury Officers are accounted through Defence Proforma Account; and

(v) Payment of Pensions to Defence Pensioners through Treasuries is an example of a Defence Transaction at a Non- Bank Treasury.

(c) (i) True

- (ii) True
- (iii) False
- (iv) False
- (v) True

**(Authority: Paras 74 to 79 of Defence Account Code)**

**Q.11** Which DAD office (PCDA/CDA) is concerned with the following:  
**(1X8=8 Marks)**

- (i) GPF accounts of a Scientist 'G' serving at Defence Research Development Laboratory(DRDL), Hyderabad.
- (ii) Permanent transfer claim of an Army Major serving at Tezpur in Assam;
- (iii) Audit of Amenity grant claim of an Army Unit located at Jorhat in Assam;
- (iv) Audit of accounts of a CSD Depot at Ramgarh in Jharkhand;
- (v) Sanction of Pension in respect of MES civilian employees serving at Chennai;
- (vi) Proposed contract for supply of fresh vegetables to an Army unit at Secunderabad;
- (vii) Issue of CCO-9 (GPF Annual Statement) to CGDA; and
- (viii) Fund Accounts of an Army Brigadier serving in J&K.

**Ans**

- (i) PCDA(R&D), New Delhi
- (ii) CDA(O), Pune
- (iii) CDA, Guwahati(M. Section)
- (iv) CDA(CSD), Mumbai(LAO)
- (v) PCDA(Pensions), Allahabad
- (vi) CDA, Secunderabad
- (vii) CDA(Funds), Meerut
- (viii) CDA(O), Pune

**(Authority: OM PT-II, Vol-I & OM Pt-I)**

**Q.12** (a) How is Hindi defined under the Official Language Act, 1963 ?  
**(1 Marks)**

(b) Please state under what category (Region) the following States fall for purposes of official language:  
**( $\frac{1}{2} \times 4 = 2$  Marks)**

- (i) Andhra Pradesh;
- (ii) Tamil Nadu;
- (iii) Punjab; and
- (iv) Bihar

(c) Are the nameplates and sign boards of Defence Accounts Department officers required to be in Hindi or English depending on the state in which the office is located ?

**( 2 Marks)**

(d) State three conditions to be fulfilled before an employee is deemed to possess

proficiency in Hindi.

(3 Marks)

**Ans** (a) "Hindi" means Hindi in Devnagri Script.  
(Authority: Para 461 of OM Pt-I)

(b) (i) Region-C  
(ii) Region - C  
(iii) Region -B  
(iv) Region  
(Authority: Para-2 of Appendix- IV (GSR-1052) referred to in Para-463 OM Pt.I)

(c) All nameplates and signboards in DAD offices located anywhere in the Country shall be bilingual- both in Hindi and English.  
(Authority: Appendix V - Para 463 OM Pt.I)

(d) An employee shall be deemed to possess proficiency in Hindi, If:  
(i) He/She has passed Matriculation or equivalent or higher examination with Hindi as the medium of examination; OR  
(ii) He/She has taken Hindi as an elective Subject in the degree examination or any other examination equivalent to or higher than degree examination, OR  
(iii) He/She declares himself/herself to possess proficiency in Hindi in the prescribed form.  
(Authority: Para-9 of Appendix- IV(GSR-1052) referred to in Para-463 OM Pt.I)

**Q.13** (a) What is the normal duration of a contract ? ( 2 Marks)

(b) Can errors in tenders be corrected ? Give two examples of errors which can be corrected.  
( 2 Marks)

(c) Can the Competent Authority choose not to accept the opinion of the / Financial Advisor while accepting the tender ? What is the Competent Authority required to in such cases ?  
(4 Marks)

**Ans:** (a) Contracts will normally be for a period of twelve months of the financial year but may be for shorter durations.  
(Authority: Rule 246, FR Pt-I Vol-I)

(b) Yes, trivial errors can be corrected. Examples:  
(i) Omission to initial any alteration in rates;  
(ii) Omission to sign both tender and schedule.  
(Authority: Rule 241, FR Pt-I Vol-I)

(c) Yes, the competent sanctioning authority can choose not to accept the

financial advisor's advice. However, his reasons for not doing so will be recorded on the Comparative Statement of tenders.

**(Authority: Rule 240, FR Pt-I Vol-I)**

**Q.14** How will you initiate an Office Note ? What is its purpose ? Briefly state the information contained therein.

**(8 Marks)**

**Ans:** An office Note is initiated either by an auditor or an SO(A)/AAO or by the officer for obtaining the orders superior officers or the controller on any official matters.

An office note should contain:

- (a) (i) the facts of the case;  
(ii) the orders bearing on the subject;  
(iii) the specific point or points on which orders of the superior authority like CDA or JCDA or the GO in charge etc are sought for;  
(iv) an opinion and the grounds on which the opinion is based;  
(v) Precedents in cases where there are no authoritative rulings;  
(vi) the course of action recommended and the reasons why it is recommended.
- (b) When any definite statement is made in the Office Note, the authority should invariably be quoted.

The cases of doubt or disagreement on any point must be clearly stated and the reasons why a definite conclusion could not be reached should also be clearly set forth in the note.

**(Authority: Rule 451, OM Part-I Vol-I)**

**Q.15.** (a) Can the CGDA be overruled by the Ministry of Defence on a question of rule or procedure in relation to Defence Services Expenditure ?

**(2 Marks)**

(b) What is Supplementary Grant ? When is it resorted to ?

**(4 Marks)**

(c) How is Earnest Money different from Security deposit with specific reference to tenders and contracts ?

**(2 Marks)**

**Ans.** (a) No, in such matters as a question of rule or procedure in relation Defence Services Expenditure, CGDA shall not be overruled by the Ministry of Defence without the concurrence of the Comptroller and Auditor General of India and the Ministry of Finance.

**(Authority: Rule 176, FR Part-I, Vol-I)**

(b) Supplementary grant means Parliamentary Sanction for additional fund to

supplement the original Sanctioned budget.

It is resorted to when re-appropriation of funds within a demand is not adequate to finance the additional amount required under certain heads of expenditure or when sanctioned budget for any service in a financial year is found to be insufficient for the purpose, or when a need has arisen during the year for supplementary or additional expenditure on some "New Service" not contemplated in the original budget for that year.

**(Authority: Para 2 and 121 of FR Part-I, Vol-I)**

- (c) Earnest money is taken to ensure the seriousness of the vendor during the whole tendering process, whereas the security Deposit is taken to ensure seriousness of the vendor in the execution of the order/contract.

**(Authority: Paras 13 & 203 FR Pt-I, Vol-I)**

**Q.16** (a) Mention any FOUR of the standards (or Canons) of financial propriety. **(4 Marks)**

- (b) Can these be quoted in an audit objection challenging expenditure? **( 2 Marks)**

- (c) What do the following stand for: **( $\frac{1}{2} \times 4 = 2$  Marks)**

- (i) AFPPF
- (ii) FPB
- (iii) FAMO
- (iv) ATG

**Ans.** (a) The general principles which have for long been held/recognized as standards or canons of financial propriety are:

(i) Every officer is expected to exercise the same vigilance and caution in respect of expenditure incurred from public moneys as person of ordinary prudence would exercise in respect of expenditure of his own money.

(ii) The expenditure should not be prima facie more than the occasion demands.

(iii) No authority should exercise its powers of Sanctioning expenditure to pass on order which will be directly or indirectly to its own advantage.

(iv) Expenditure from public moneys should not be incurred for the benefit of a particular person or section of the people.

(v) The amount of allowance, granted to meet expenditure of a particular type, should be so regulated that the allowance are not on the whole a source of profit to the recipient.

(vi) The responsibility and accountability of every authority delegated with financial powers to procure any item or service on government account is total and indivisible. The government expects that the authority concerned will have the public interest uppermost in its mind while making a procurement decision.

**(Authority: Para 39, Defence Audit Code)**

- (b) No, a challenge against expenditure should not be expressed as based on "Canons of financial propriety " but as transgressing an universally accepted standard of official conduct or financial administration.

**(Authority: Para 39, Defence Audit Code)**

- (c) (i) AFPPF - Armed Forces Personnel Provident Fund;  
(ii) FPB- Focal Point Branch;  
(iii) FAMO - Family Allotment Money Order;  
(iv) ATG - Annual Training Grant.

**S.A.S. EXAMINATION- PART-I**

**SEPTEMBER, 2005**

**SUBJECT-'A' PAPER-II-THEORETICAL (WITH BOOKS)**

**GENERAL PRINCIPLES AND PROCEDURES OF ACCOUNTING AND AUDIT**

**(Including General Organisation of the Armed Forces)**

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**MAX. MARKS: 100**

**NOTES:**

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3. Answers to all parts of questions should be written in one place only.
4. Authority for your answers should be quoted.

**Q.1** (a) How are advances paid for making payment to the Industrial Employees ? How are such advances adjusted? **(4 Marks)**

(b) Can the stores required on medical grounds be moved within India by air under the orders of the Chief of the Army Staff? **(4 Marks)**

**Ans** (a) Advance for payment to Industrial employees employed in Ordnance Depots, etc, are paid on receipt of Cash Requisitions from the office concerned based on an estimate of the probable amount required for payment during the month.

The amount so advanced will be noted in demand register and their adjustment watched there from. These advances will be adjusted on receipt of Temporary Labour Bills from the Officers concerned duly checked by the LAOs.

**(Authority: Para-223 Defence Audit Code Vol.I and II)**

(b) All movements of stores by air within Indian limits except those the urgent movement of which by air is essential on medical grounds or for operational reasons require the prior approval of the Govt. of India. Therefore the stores required on medical grounds can be moved by air on the orders of the Chief of Army Staff.

**(Authority: Para-246 Defence Audit Code Vol.I and II)**

**Q.2** (a) Who is responsible for carrying out Audit of Sanctions issued by the Govt. of India, Ministry of Defence? Similarly who scrutinizes the Codes, Regulations and Standing Orders issued by the Govt. of India ?

**(6 Marks)**

- (b) Please give your comments whether or not the Sanction of Govt. expenditure can be communicated in the form of a letter by the Army Headquarters?

**(2 Marks)**

- Ans** (a) The audit of Govt. of India sanctions is conducted by the Director General of Audit, Defence Services. A regular audit of such sanctions will not, therefore be carried out by the Controllers of Defence Accounts.

Similarly all codes, Regulations and Standing orders issued by the Govt. of India are scrutinized by the Director General of Audit, Defence Services and Controller General of Defence Accounts need no further scrutiny by Controller of Defence Accounts.

**(Authority: Para 24 Defence Audit Code)**

- (b) All expenditure of Public money, which is not authorized by the Regulations or other orders require the sanction of the Govt. of India. Accordingly, all orders which convey sanctions, either directly or indirectly , to such expenditure should issue in the Form of Govt. letter or Army/Air Force/Navy Instruction. The Controller of Defence Accounts should not act on any letter issued by the branches of Armed Forces Headquarters which should have been appropriately issued in the form of Government letter or Army/Air Force/Navy Instructions.

**(Authority: Para 26 Defence Audit Code)**

- Q.3** What are the Fundamental Principles for guidance of authorities authorized to enter into contracts involving expenditure from public funds ?

**(8 Marks)**

- Ans** The Govt. of India has laid down the following fundamental principles for the guidance of authorities authorized to enter into contracts or agreement involving expenditure from public funds. These are financial rules but they state audit principles as well.

1. The terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein.
2. As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.
3. Standard forms of contracts once entered into should be adopted wherever possible, the terms to be subject to adequate prior scrutiny.
4. The terms of a contract once entered into should not be materially varied without the previous consent of the competent financial authority.
5. No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the competent financial authority.



6. Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited, and in cases where the lowest tender is not accepted, reasons should be recorded.
7. In selecting the tender to be accepted, the financial status of the individual and firms tendering must be taken into consideration in addition to all other relevant factors.
8. Even in cases where a formal written contract is not made, no order for supplies, etc should be placed without at least a written agreement as to price.
9. Provision must be made in contracts for safeguarding Govt. Property entrusted to a contractor.
10. When a contract is likely to endure for a period of more than 5 years, it should wherever feasible, include a provision for an unconditional power of revocation or cancellation by Govt.
11. The controllers of Defence Accounts have power to examine contracts, and to bring to the notice of the proper authority any cases where high tenders have been accepted or where other irregularities in procedure have come to light.

**Note I:** Sanction of the Govt. of India will be necessary to conclude a contract for a period beyond 3 years.

**Note II:** Long term contracts (contracts for more than one year) should also be sent to Director of Audit Defence Services.

**Note III:** It may be ensured in audit that wherever prior concurrence of respective Regional Controllers on the spot/Ministry of Defence (Fin) is required under the rules, should be obtained before entering into contract.

**(Para 294 Defence Audit Code I & II)**

**Q. 4** (a) What are the functions of Field Cashier? **(6 Marks)**

(b) Who provides funds to the Field Cashiers? **(2 Marks)**

**Ans** (a) The functions of Field Cashiers and the procedure for the preparation of cash accounts for rendition to the CDA (Officers) are described in detail in Appendix 27 of the FR Part II. Broadly speaking their main functions in regard to monetary transaction are under:

- (i) To keep an adequate supply of funds under arrangements made with the CDA (Officers)

- (ii) To supply fund in bulk to authorized Field Imprest Holders on presentation by them or requisition on IAFF 1036
- (iii) To pay advances of pay to individual officers on presentation on personal cheques, in IAFF 1034 upto a maximum monthly limit endorsed on the cheque books.
- (iv) To make such other payments as may be specifically authorized by the CDA(O) or as directed by the Division/Formation Commander in exceptional cases.
- (v) To accept and to bring to account forthwith all sums tendered by any member of Defence Services( i.e. Officer, Soldier or civilian) in settlement of public claims for clothing, etc., issued on payment or as being due to Govt. on any other account: and
- (vi) To accept and to bring to account in his Cash Book sums handed in by Field Post Offices for Credit to the postal department.

**(Authority: Para 348 Defence Audit Code Vol I & II)**

- (b) The Funds required by Field Cashiers, who have been appointed by the Competent authority are provided by CDA(Officers) Pune by means of Cash Assignment in their favour on the nearest Civil Treasury or branch of the SBI.

**(Authority: Para 349 Defence Audit Code Vol I & II)**

**Q. 5** (a) What is Cash Assignment? Who authorizes drawl of Cash from the Banks or Treasuries and who is responsible for issue of cheques for drawl of cash from the Cash Assignment ?

**(6 Marks)**

- (b) Can the Cash assignment once authorized be revised subsequently during the same Financial year ?

**(2 Marks)**

**Ans** (a) A **Cash Assignment** is a letter of Credit in favour of a Disbursing Officer authorising a particular Treasury Officer or the Bank to make payments demanded by him up to the limits specified therein.

Such Officers of the Defence Services intimate their requirements annually to their respective Controller of Defence Accounts, who send requisition to the Treasury Officers or the Bank concerned by the 15th March yearly showing the amounts allotted to the several Disbursing Officers for each month of the year. Addition to theses as may be necessary from time to time are similarly intimated to the Treasury Officers or the Bank by the Controllers of Defence Accounts concerned. Drawings against these assignments by the officers concerned are made exclusively by cheques supplied to them by Controllers of Defence Accounts.

**(Authority: Para 194 Defence Account Code)**

- (b) At the close of September and at the end of the end of each subsequent month of the financial year, the balances standing at the credit of Disbursing Officers of the Defence services will be scrutinized by the Controllers of Defence Accounts and if it appears that the amounts allotted are likely to prove much in excess of requirements, they will be reduced in communication with those officers. At other times also reductions will be made as they become possible.

**(Authority: Para 195 Defence Account Code)**

- Q.6** (a) Different advances are payable to the Government employees. How is the recovery of the same watched ?

**(4 Marks)**

- (b) What additional precautions are taken to ensure recovery of House Building Advance and Motor Car Advance, if the government servant defaults on the same ?

**(2 Marks)**

- (c) Who fixes the rate of interest on the advances drawn by the Defence Personnel and what is the periodicity of the same ?

**(2 Marks)**

- Ans** (a) A register in IAF(CDA) 51 will be maintained to watch the recovery of advances for house building, purchase of houses, motor cars, motor cycles, other conveyances and the interest payable thereon.

**(Authority: Para 237 Defence Account Code)**

- (b) Mortgage bonds are obtained in connection with advances for purchases or construction of Houses and purchase of Motor cars for safeguarding the interest of the govt. in case Govt. servants default in re-payment of the above advances.

**(Authority: Para 238 Defence Account Code)**

- (c) The rate of interest to be charged on advances is fixed by the Govt. of India, Ministry of Finance, separately for each financial year and communicated to all concerned. The rate of interest so fixed will be applied to all advances granted during a particular financial year irrespective of the financial year in which they are liquidated and will be calculated on balances outstanding on the last day of each month.

**(Authority: Para 239 Defence Account Code)**

- Q.7** (a) In what circumstances can the advances be drawn from the Contingency Fund of India ?

**(4 Marks)**

- (b) Who is responsible for holding the Contingency Fund of India and who can make advances from the Contingency Fund of India ?

**(4 Marks)**

- Ans** (a) When a need arises to incur unforeseen expenditure in excess of the sanctioned grant or appropriation or on a new service not provided in the budget and there is not

sufficient time for the vote of the Supplementary Demand and the passing of the connected appropriation bill, an advance from the Contingency Fund set up under Article 267(I) of the Constitution shall be obtained before incurring the expenditure. An advance from the Contingency Fund shall also be obtained to meet expenditure in excess of the provision for the service included in an Appropriation (i.e. on Account) Act.

**(Authority: Para 247 Defence Account Code)**

- (b) The Contingency Fund of India is held on behalf of the President of India by the Secretary to the Govt. of India, Ministry of Finance (Department of Economic Affairs) for the purpose mentioned in Para 247 of Defence Account Code pending sanction of necessary appropriation from Parliament against the Consolidated Fund of India.

**(Authority: Para 248 Defence Account Code)**

**Q.8** (a) What points are seen while scrutinizing the Comparative Statement of Tenders in the Store Contract Section ?

**(4 Marks)**

- (b) What measures are taken for the prevention of the double payment of Bills passed by the Store Contract Section in the main office of the CDA ?

**(4 Marks)**

**Ans** (a) Following points will be observed in dealing with Comparative Statement of Tenders:

(i) that they are in conformity with the rules in FR Part-I;

(ii) that no local purchase of stores is arranged, supplies of which are made required to be made by a central purchasing authority, except with the concurrence of that authority;

(iii) that suitable suggestion by an invitation to the tenderer is made to reduce the rates originally tendered by him rates and other relevant factors;

(iv) that in the case of combined tenders for vegetables, potatoes, etc, the tender recommended for acceptance is the lowest taking into account the rates quoted against each such articles;

(v) that the treasury receipts on account of cost of tenders form issued to contractors have been received along with comparative statement of tenders.

**(Authority: Para 499 Office Manual Part-II Vol.I)**

- (b) Following procedure will be observed to prevent double payments:

(i) all supply orders transport indents and local purchase vouchers supporting the bill, although they are marked as Original should be verified in full with the entries

in the register of payment to local purchase contractor to ensure that a previous payment in respect of the same bill supply order, etc. has not been made. For this purpose, the register will be regarded as the sole authentic record and should be kept under lock and key when not in use;

(ii) the initial verification by the auditor vide clause(i) should be checked by another auditor in full by a system of rotation. The vouchers should be suitably en faced under their dated signature by both the auditor and the checker as "Verified with the register of payment to the local purchase contractors" respectively. They will also endorse a certificate to this effect on the bill which will be looked for by the AAO/SO(A) and the officer in charge before passing the bill finally for payment;

(iii) on received back of bills and vouchers from the AAO/SO(A) with the payment order approved by him, all vouchers for which payment is authorised should be en faced as shown below:

Cancelled	D No.	Month.
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**(Authority: Para 516 Office Manual Part-II Vol.I)**

- Q. 9** (a) What audit checks are exercised while passing an LTC advance of a Defence Civilian ? **(4 Marks)**
- (b) What is the maximum period during which a Defence Civilian may submit the LTC claim ? **(2 Marks)**
- (c) Can the LTC advance be paid by any authority other than the CDA to a Defence Civilian in the exceptional circumstances ? **(2 Marks)**

**Ans** (a) While passing LTC advance following checks are required to be exercised in CDA Office.

(i) The requisition for advance has been signed by the claimant and countersigned by the Controlling Officer;

(ii) The details of family members indicating sex, relation, dated of birth etc. are submitted duly countersigned by the Controlling Officer.

(iii) The basic pay has been indicated;

(iv) The place of visit has been specified;

(v) In the case of LTC for self, the period of leave has been specified.

(vi) The advance is restricted to 90% of approx entitlement.

**(Authority: Para 627 A Office Manual Part-II Vol-I)**

- (b) In the case of advance of LTC it will be watched that the bill is submitted within one month from the date of completion of journey otherwise recovery of advance will be made. After the recovery action has been completed the bill if submitted within 3 months from the date of completion of journey will be admitted for the gross amount.

**(Authority: Para 627 B Office Manual Part-II Vol-I)**

- (c) In the case of civilians, the normal rule of obtaining the advance from the CDA concerned should be followed. In exceptional cases, where time does not permit of an advance being obtained from the CDA concerned, the Station Commander may pay the advance to the extent admissible out of his imprest.

**(Authority: Para 627 Office Manual Part-II Vol-I)**

**Q.10** In addition to the loss of cash, what are the other items, which constitute loss of Public Money ?

**(8 Marks)**

**Ans** The term Public Money includes, in addition to cash proper other items as given below:

- (i) Irrecoverable personal advances made to individuals no longer in Govt. Service;
- (ii) Overpayments of pay and allowances made to individuals no longer in Govt. Service;
- (iii) All other irrecoverable cash claims including the value of issues on payment to units or individuals the recovery of which would entail considerable hardship or present special difficulty;
- (iv) Value of stores issued to contractors which, for any cause, there has been a failure to recover and the recovery of which would present special difficulty ;
- (v) Losses due to expenditure on freight in respect of stores dispatched in error;
- (vi) Losses resulting from the dispatch of stores by other than the authorised procedure;
- (vii) Irrecoverable debts of units disbanded in accordance with demobilization orders;
- (viii) Irrecoverable losses due to thefts and fraudulent use of railway warrants, credit notes or railway concession vouchers;
- (ix) Demurrage charges incurred due to negligence on the part of consignor/consignee.

**(Authority: Rule 164 Financial Regulations Part-I Vol.I)**

**Q.11** Pay and Allowances are ordinarily payable on the last day of each month except for the month of March when the same are payable on 1st of the next month. Please explain the circumstances when pay and allowances can be paid before the end of the month.

**(8 Marks)**

**Ans** In the following cases, the salary due to date may be paid before the end of the month viz;

(i) When an individual proceeds on leave (other than casual leave) lasting beyond the end of the month;

(ii) When an individual is transferred to the payment of another audit officer;

(iii) When an individual quits Government service or is transferred to foreign service;

(iv) The remittance of family allotment in respect of service personnel including officers, where admissible may be made on or after the twentieth of a month from the pay for that month before it falls due;

(v) When officers and personnel of the Marine Survey of India leave Coonoor on the expiration of the recess season;

(vi) When a individual is transferred from one ship or appointment to a civil appointment under another department or local Government or vice versa; and

(vii) When he is proceeding on long leave or otherwise leaving the ship/appointment under circumstances, which will not enable him to obtain his pay at the end of the month in the usual way.

**(Rule: 14 Financial Regulations Part-II)**

**Q.12 (a)** A Civilian Officer from MES purchased a second hand car at a cost of Rs.One lakh and paid the amount from his savings. As the fund under car advance was available with his GE, he applied for the car advance of Rs.One lakh whereas GE Paid him Rs.80,000 only. Please give your comments.

**(4 Marks)**

(b) Please explain functions of Naval Pay Office.

**(4 Marks)**

**Ans (a)** The individuals to whom advances are admissible, the sanctioning authorities will ascertain that the conveyance has not been purchased and already paid for. If the conveyance has been paid for in part, then the sanctioning authority should restrict the advance to the minimum amount required to meet the balance of the price of the conveyance. As in this the civilian MES Officers has already paid the money from his savings he is not entitled for the payment of car advance.

**(Rule 193(i) Financial Regulations Part-II)**

- (b) The Pay accounts of all IN Service personnel are maintained by the Supply Officer in charge, Naval Pay Office on centralized pay accounting system. Under this system pay and allowances are credited in a running account actual payment being made monthly in arrears in the form of advances by the supply officers of ships/establishment or imprest holders from funds placed at their disposal by the PCDA(Navy).

The Supply Officer in charge Naval Pay Office is in all matter of Policy administrative and discipline, under the administrative control of the appropriate IN authority. He shall conform to the general accounting Policy and Procedure laid down in the appropriate Regulations. He may communicate with the Naval Headquarters on all routine accounting matters relating directly to pay and allowances. He shall be guided in the establishment of this office by the centralized Pay Account Instruction. In technical and professional activities, he is subject to the technical control of Ministry of Finance exercised through the CGDA.

**(Rule 224 Financial Regulations Part-II)**

- Q.13** (a) How funds are obtained by the Air Force Commands and other Units and Formations for their various requirements ? **(4 Marks)**
- (b) What are the functions of Air Force Central Accounts Office ? **(2 Marks)**
- (c) What are the responsibilities of the Director of Accounts, Air Headquarters ? **(2 Marks)**

- Ans** (a) 1. Station unit Accountant Officers/Imprest Holders will submit fortnightly cash requisition to their respective Command or Area Accountant Officer, for their requirement from 1st to the 15th and the 16th to the end of each month.
2. The Command Accountant Officers will submit fortnightly cash requisitions to the CDA (AF) to enable the funds to be made available to them not later than the 8th and the 22nd of each month.
3. Units or formation under the direct control of Air Headquarters will requisition on the CDA(AF) direct as indicated in (ii) above.

**(Rule 332(i)-(iii) Financial Regulations Part-II)**

- (b) The Air Force Central Office will maintain the personal ledger accounts of all officers airmen and civilians excluding non-industrial Class IV personnel of units of the Air Force. This office will also supply such information concerning disbursements or entitlements and in such form as the controller of Defence Accounts(AF) may require.
- (Rule 329 Financial Regulations Part-II)**
- (c) The Director of Accounts will be responsible to the Chief of Air Staff for the efficient working of the whole Accounts Branch of which he will be the immediate administrative and professional head. He will also be responsible for advising and assisting Air Headquarters on all outstations relating to pay and allowances,



accounting procedure etc.

**(Rule 328 Financial Regulations Part-II)**

**Q.14** What audit checks are required to be exercised by the Audit Section, LAOs and the UAs on the Fund Schedules received from the Units and Formations for improving quality of Funds Schedules ?

**(8 Marks)**

**Ans** The following checks are required to be exercised by Audit Section of Controllers offices LAO/UAs on the recovery schedules to ensure that:-

(i) The standardized printed form of recovery schedules (IAFA 829) is used and all entries therein are made in ink or typed and that sheets of paper of small or irregular sizes or mutilated form have not been used in preparing the schedule. In cases in which the schedules are not rendered on printed form by the Executive Authorities due to their non availability, the authorities concerned should be advised to use type or cyclostyled forms which should be the exact facsimile of the standard form;

(ii) The correctness of account number of the subscribers shown therein with reference to the list of account numbers maintained for the purpose.

(iii) The figures shown in the schedules agree with those appearing in the pay bills.

(iv) The total of the schedules agree with the amount compiled in the punching media.

(v) The details of all kinds of reckonable emoluments drawn by the subscriber are furnished in the schedules.

(vi) The subscription have been realized strictly in accordance with the prescribed rates of various categories of receivers viz compulsory subscription, arrear of subscription and refund of withdrawal are shown under the appropriate columns.

(vii) Recoveries of the advances paid to subscribers as noted in the demand register are effected.

(viii) Compulsory subscription is exactly 6% of the reckonable emoluments

(ix) All individuals items i.e. subscriptions, refunds, arrears etc. of recoveries are in whole rupees. Rounded to the nearest rupee.

(x) Certificated proved at the foot of the IAFA 829 are invariably completed.

**(Para 534 OM Part-V)**

**Q.15 (a)** What are the eligibility conditions for the drawl of the Motor Car Advance ?

**(4 Marks)**

- (b) How much amount can be paid for drawl of First and Second Car Advances ?  
(4 Marks)

**Ans** (a) A Govt. Servant may be granted an advance for the purchase of a motor car provided that:-

- (i) The authority competent to sanction the advance is satisfied that the Government Servant has the capacity to repay the advance;
- (ii) The advance for the purchase of a motor car shall be granted to those Govt. Servants whose basic pay is Rs.10,500 per month or more. The Secretary of Administrative Ministry, Department shall be competent to relax this condition in deserving cases.

**(Rule -193 General Financial Rule)**

- (b) The total amount of advance which may be granted to a Govt. servant for the purchase of a motor car for the first occasion shall not exceed Rs. 1,80,000 or eleven months basic pay of the Govt. Servant , or the anticipated price of the motor car, to be purchased by the Government servant whichever is the least.

The quantum of advance that may be granted on the second or subsequent occasions for the purchase of a motor car shall not exceed Rs. 1,60,000 or eleven months basic pay of the Govt. servant or the anticipated price of motor car to purchased, which is the least.

**Rule 199(I) and Rule 199(2) General Financial Rule**

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

**September, 2005**

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

Time Allowed: 3 Hours

Total Marks : 100

Note:-

- (1) Candidates should attempt TWELVE questions in all. 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 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 in support should be quoted.

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

- Q.1.** (a) Who is the competent authority to decide whether to implement or contest the award of the Arbitrator in the case of a contract concluded by the C.W.E.? **(3 Marks)**
- (b) Whose sanction would be required to engage a counsel to conduct the Govt. case before an Arbitrator? **(3 Marks)**
- (c) Which Head of Account will be operated in respect of payment made in satisfaction of an Arbitration award? **(3 Marks)**

- Ans:** (a) CWE in the case of contracts concluded by CWE.  
**(Authority: Para 63(ii) of OM Part-VIII)**
- (b) Sanction of GOC-in-C would be required for engaging a counsel to conduct the Govt. case before an Arbitrator.  
**(Authority: Note below Para 63(ii) of OM Part-VIII)**

(c) Voted Head of Account

**(Authority: Below Note to Para 63(ii) of OM Part-VIII)**

**Q.2.**

(a) What is the constitution of the Screening Committee formed for allotment of shops?  
**(3 Marks)**

(b) What are the functions of the Screening Committee constituted for allotment of shops?  
**(2 Marks)**

(c) Whether transfer of allotment of shop is permitted to legal heirs in case of death of the allottee of the shop?  
**(2 Marks)**

(d) What amount of security deposit is to be made by the allottee of the shop, which has been allotted to him @ Rs,450 per month?  
**(2 Marks)**

**Ans:**

(a) The Screening Committee for allotment of the shops shall be constituted consisting of the following:-

- (i) Military officer commanding the station in which the said commercial shopping complex is located as chairman.
- (ii) Defence Estate Officer (DEO) under whose jurisdiction the shopping complex falls.
- (iii) GE/CPWD representatives concerned under whose jurisdiction the shopping complex falls.

**(Authority: Para 10 to Addenda 1 of UA Manual)**

(b) The Screening Committee formed for allotment of shops is responsible for –

- (i) Determination of the licence fee payable per month for each of the shop.
- (ii) Deciding the nature of trade to be permitted in each of the shops.
- (iii) Scrutiny of each application.
- (iv) Allotment by draw if the number of applicants is more than the number of shops in each of the categories.
- (v) Deciding the trade and shop number to be allotted to the successful applicant.

**(Authority: Para 11 to Addenda 1 of UA Manual)**

(c) Yes, it may be considered by the Screening Committee to the dependent/legal heirs as the case may be for residual period of the term.

**(Authority: Para 12(iv) to Addenda 1 of UA Manual)**

(d) The amount of security deposit of the shop will be equivalent to four months' licence fee, which shall be refundable without interest on vacation of the shop. In the instant case, the security deposit would be Rs.1,800/- (i.e. Rs.450 x 4).

**(Authority: Para 12(ix) to Addenda 1 of UA Manual)**

- Q.3.** (a) Who is the competent authority to fix star rate relating to a contract accepted by the Chief Engineer where such rate involves payment of Rs.2,000?  
(3 Marks)
- (b) A C.W.E. entered into a contract for construction of Road amounting to Rs.30 lakhs. He has issued amendment for enhancement of contract rates before signing the final bill by the contractor. Is it in order?  
(3 Marks)
- (c) What are pro-rata rates?  
(3 Marks)

- Ans:** (a) GE is authorized to fix any star rate relating to a contract accepted by any higher authority provided that such rate does not involve the payment of more than Rs.5,000/-.  
(Authority: Para 30(i) of OM Part-VIII)
- (b) An amendment involving enhancement of contract rates would require sanction of next higher authority. In the instant case, it would be Chief Engineer.  
(Authority: Para 30(ii)(b) of OM Part-VIII)
- (c) Any rate in a contract for items of work, which are neither provided for nor deducible from the rates in the SSR are called prorata rates.  
(Authority: Para 30(i) of OM Part-VIII)

- Q.4.** (a) Can tender document be issued to contractors other than those on the list of approved contractors of M.E.S?  
(3 Marks)
- (b) When is work diary maintained?  
(3 Marks)
- (c) The Chief Engineer dispenses with the calling of tenders in a contract valued at Rs.8 lakhs. Is this in order? Please elucidate.  
(3 Marks)

- Ans:** (a) The work diary will be maintained at site for all works costing over Rs.1 lakh.  
(Authority: Para 368 of M.E.S.R)
- (b) Yes, provided that the successful tenderer is registered with MES before his tendered rates are accepted.  
(Authority: Para 419 of M.E.S.R)
- (c) In exceptional circumstances, the accepting officer may dispense with calling of tenders and enter into a contract upto his powers for single tender contracts. However, CDA should be consulted in all such cases.  
(Authority: Para 432 of M.E.S.R)

- Q.5.** (a) What are Transfer Entries? Why are transfer entries (T.E) necessary? **(5 Marks)**
- (b) Can the following be adjusted through T.E.:
- (i) Amount remitted by private individuals in connection with rent and allied charges direct into the treasury. **(2 Marks)**
- (ii) Distribution of expenditure on a work in which two or more parties are interested but executed by one party. **(2 Marks)**

**Ans:** (a) Transfer entries are intended to transfer an item of receipt or expenditure from the accounts of a work in progress or from one budget head to the accounts of another work or budget head.

Transfer entries are necessary in order –

- (i) to correct an error in allocation  
(ii) to distribute the expenditure on a work over all the accounts affected in cases where a joint work, in which two or more parties are interested, is taken to the accounts of one party.  
(iii) to adjust by debit or by credit to the appropriate head of work, an item outstanding in the accounts for sub-head G-MES Advances or Head K-Deposits.  
(iv) to bring to account the payment to contractors of amounts due on closed accounts and held in deposit under Head K-Deposits.  
(v) to bring to account certain classes of transactions which do not pass through cash book.

**(Authority: Para 527 of M.E.S.R)**

- (b) (i) Yes. Transfer entries can be used for adjustment of treasury receipt received from private parties.

**(Authority: Para 527(e)(i) of M.E.S.R)**

- (ii) Yes. Transfer of expenditure incurred by one party to two or more parties can be done through T.E.

**(Authority: Para 527(b) of M.E.S.R)**

- Q.6.** (a) How will the RAO(MES) ensure in audit that all the buildings have been accounted for and taken in Occupation Returns? **(3 Marks)**
- (b) An Auditor serving in the office of PCDA(SC) Pune has been allotted residential accommodation at Lekha Nagar on 16.3.05 and he occupies the accommodation on 11.4.05. From which date will the Licence Fee be charged from him? **(3 Marks)**

(c) Whether the following may be categorized as original work of repairs:  
**(1x3=3 Marks)**

- (i) Widening of Roads
- (ii) Works to make good damages to Air Fields
- (iii) Additions to buildings & other services

**Ans:** (a) The RAO(MES) will check that the description of the buildings is correctly given in the occupation returns and that it tallies with the description in the Revenue ledgers and/or Register of buildings maintained by the B.S.O.

**(Authority: Para 169(ii) MES Local Audit Manual)**

(b) The licence fee will be charged from the eleventh day of allotment i.e. 27.03.2005.

**(Authority: Para 170(i) of MES Local Audit Manual)**

(c) (i) Original work

**(Authority: Para 123(c) of M.E.S.R)**

(ii) Repairs

**(Authority: Para 124 MESR)**

(iii) Original works

**(Authority: Para 123(a) of M.E.S.R)**

## SECTION II

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

**Q.1.** Answer the following:

- (a) Who is responsible for physical verification of stock in an Army unit? Can it be done by Defence Accounts Department also?  
**(4 Marks)**
- (b) What is the procedure for conducting physical stock verification of Army units by the Defence Accounts Department?  
**(4 Marks)**

**Ans:** (a) The responsibility for carrying out stock verification rests primarily and solely on the executive officer concerned. Physical verification of stock may be carried out at any time by the Defence Accounts Department whenever such verification is considered necessary by that Deptt.

**(Authority: Para 294 of SAI)**

- (b) Whenever stock verification by DAD has been found to be necessary in a particular unit/formation, an intimation to this effect will be sent by PCDA/CDA/LAO to the executive officer concerned. On receipt of the intimation, the OC of the unit/formation will make suitable arrangements for the verification of the stock by the representative of the DAD. He will provide the LAO with sufficient departmental assistance for carrying out his work and will arrange that the storeholder or his representative is present during the process of stock-taking. The result of stocktaking will be entered by the LAO in the stock verification report, which will be prepared in duplicate and the initials of stockholder or his representative obtained on both the copies, as proof of his having accepted the figures. The completed stock verification report which will show both, the “stores actually held in stock” and the “ledger balances” as worked out by him (LAO), will be shown to the OC and his signatures obtained on both the copies of the report. One copy will be handed over to the OC for record. The OC will arrange for an investigation of the discrepancy, if any.

**(Authority: Para 295 of SAI)**

**Q.2.** Answer the following:

- (a) How are the stores held by a unit retuning from the Field on War System of Accounting brought to account in a Peace Station?  
**(4 Marks)**
- (b) 3<sup>rd</sup> Gorkha Battalion has received orders to move from a Peace Station to Laddakh (Field Area) at short notice. How will the audit objections against this unit be pursued?  
**(4 Marks)**



**Ans:** (a) A Board of survey assembled to take stock of all stores in possession of unit irrespective of the source from which they were obtained and the stock will form the opening balances of new store ledgers and returns. The LAO of the supply depot in the field area will after pairing with the relevant issue voucher, schedule the copy of the certificate received from supply depot giving full details of reserve ration and ration issued for journey period to the LAO of the unit in peace area and obtain his acknowledgement. The LAO in the Peace station will at the time of audit of first month's ration return of the unit after arrival at the Peace station see with reference to the LRC/RRC that:

(i) there is no excess consumption during journey period; and

(ii) all unconsumed ration have been properly brought to account in the unit's ration return.

**(Authority: Para 312(b) ALAM Part I Vol.II)**

(b) Special steps will be taken by personal discussion with OC of the unit or his representative to settle on the spot as many items of objections as possible. Those remaining unsettled, will be reported to the PCDA/CDA for necessary action.

**(Authority: Sub Para below Para 312(a)(ii) ALAM Part I Vol. II)**

**Q.3.** (a) Mention the circumstances where court of enquiry shall invariably be held to investigate the loss of stores.

**(4 Marks)**

(b) Due to thunderstorm the glass panes of a Defence Building were damaged to the extent of Rs.1.25 lakh. The court of inquiry was held and it was found that the loss was due to negligence of the personnel who did not close the windows/doors and a sum of Rs.25,000 was recovered from those personnel. For what amount the sanction of CFA would be necessary?

**(4 Marks)**

**Ans:** (a) Court of inquiry should invariably be held in the following circumstances:-

(i) losses of stores which require sanction of the Govt. to write off.

(ii) Losses due to inaccuracies in previous stocktaking.

(iii) losses of arms, ammunition and explosives.

(iv) losses due to theft, fraud, neglect, fire or due to any unusual occurrence.

**(Authority: Para 241 of SAI)**

(b) Sanction of competent authority would be necessary on gross amount of loss i.e. Rs.1.25 lakh.

**(Authority: Para 247(d) of SAI)**

**Q.4.** Are the following in order:

(a) Ordnance Depot Kanpur while transferring the stores to Signal Regiment Jabalpur has

prepared 5 copies (as A,B,C,D and E) of the issue voucher.

**(2 Marks)**

(b) ASC supply depot while transferring the stores to an Army Unit has send 'A' & 'B' copies of the issue vouchers to consignor LAO.

**(2 Marks)**

(c) An ordnance depot has taken the working month for the purpose of assigning numbers for issue of vouchers from 25<sup>th</sup> of a month to 24<sup>th</sup> of the following month.

**(2 Marks)**

(d) While carrying out the inspection of a unit by the LAO, the C.O. requested the LAO to carry out a thorough examination and recasting of the current accounts. The LAO agrees to do it without obtaining the orders of the CDA/PCDA.

**(2 Marks)**

**Ans:** (a) Not in order. Ordnance depot Kanpur should have prepared five copies of issue vouchers for transferring the stores as 1,2,3,4,&5 and not A,B,C&D.

**(Authority: Para 40 ALAM Pt.I Vol.I)**

(b) Not in order. ASC Supply depot while transferring the stores to an army unit should be sent the D&E copies of issue vouchers to Consignor LAO.

**(Authority: Para 40 ALAM Pt.I Vol.I)**

(c) Yes, in order. In ordnance depot, the working month for the purpose of assigning number of issue vouchers will generally be from 25<sup>th</sup> of one month to 24<sup>th</sup> of the following month.

**(Authority: Para 45 ALAM Pt.I Vol.I)**

(d) Not in order. The LAO is required to obtain the orders of the PCDA/CDA before taking over the examination and recasting of the current accounts.

**(Authority: Para 23 ALAM Pt.I Vol.I)**

**Q.5.** (a) What are the main objects of inspection of the Public Fund Accounts of a Unit/Formation by the LAO?

**(4 Marks)**

(b) Who is responsible for inspection of Regimental Funds of a Unit/Formation?

**(2 Marks)**

(c) What is the frequency of inspection of an NCC unit?

**(2 Marks)**

**Ans:** (a) The main objects of inspection of the Public Fund Accounts by LAOs are –

(i) to ensure that all prescribed accounts and documents are maintained;

(ii) to ascertain that the accounts etc. are maintained strictly in accordance with the regulations and orders;

(iii) to see that all the transactions between individuals and the funds and other accounts can be easily traced and correctly tallied.

(iv) to ensure that all moneys (including cheques and govt. drafts) relating to public funds have been duly accounted for and expended in conformity with regulations.

**(Authority: Para 5 ALAM Pt.II)**

- (b) Commanding officer is responsible for inspection of accounts of Regimental Funds of a Unit/Formation.

**(Authority: Para 1 ALAM Pt.II)**

- (c) Inspection of NCC units is carried out on an annual basis without involving any reduction in quantum of check e.g. two months' accounts will be selected for detailed check.

**(Authority: Note below Para 7 ALAM Pt.II)**

**Q.6.** Who is responsible for pricing of the loss statement in the following cases:

- (a) In Armed Forces Medical Stores Depot, Lucknow, Shaktiman Vehicle met with an accident.

**(2 Marks)**

- (b) In a Base Depot, the medical stores were damaged during unloading from the vehicle.

**(2 Marks)**

- (c) In an Army Unit, 10 bags of Sugar had decayed during rainy season.

**(2 Marks)**

- (d) In an Ordnance Depot, clothing items have been damaged.

**(2 Marks)**

**Ans:** (a) LAO/CDA/PCDA are responsible for pricing of MT vehicle met with an accident.

**(Authority: Para 92(ii)(b) ALAM Pt.I Vol.I)**

- (b) Executive authorities are responsible for pricing subject to post scrutiny by the LAO.

**(Authority: Para 92(ii)(d) ALAM Pt.I Vol.I)**

- (c) Executive authorities are responsible for pricing subject to post scrutiny by the LAO.

**(Authority: Para 92(ii)(c) ALAM Pt.I Vol.I)**

- (d) Executive authorities are responsible for pricing subject to post scrutiny by the LAO.

**(Authority: Para 92(ii)(a) ALAM Pt.I Vol.I)**

**Q.7.** (a) What is the formula for calculating commuted value of pension?

**(2 Marks)**

- (b) Can the children allowance be granted or continued beyond the age of 18 years?

**(3 Marks)**

- (c) When does a claim for Dependent's pension arise in favour of Parents/Brothers/Sisters?

**(3 Marks)**

**Ans:**

- (a) Portion of monthly pension  $X \times 12 \times$  Commutation value applicable to be commuted to the age of next birthday

**(Authority: Para 159 OM Part IV Vol.III)**

- (b) Yes, the children allowance (ordinary or special) may be granted or continued to a child beyond the age of 18 years under Reg. 103 PRA Part I (1961) provided that;

(i) the child is being educated at a secondary school or Technical school or university or is an apprentice received not more than a nominal wage; or

(ii) the child is incapable of self-support by reason of mental or physical infirmity which arose before it attained the age of 18 years and is in distressed circumstances.

**(Authority: Para 124 OM Part IV Vol.III)**

- (c) A claim for dependent's pension arises in favour of parents/brothers/sisters, if the death of the officer whom those relatives were dependent was due to or hastened by either a wound, injury, or diseases which was attributable to military service and the officer did not leave behind him a widow or children eligible for family pension or children allowance vide Reg.85(c) and (d) PRA Part I (1961).

**(Authority: Para 134 OM Part IV Vol.III)**

**Q.8.**

Answer the following:

- (a) How is the joining leave adjusted in case of a newly Commissioned Army Officer?

**(2 Marks)**

- (b) Is specialist pay admissible to an Army Officer during study leave?

**(2 Marks)**

- (c) An Army Officer has been granted annual leave in excess of his entitlement. How will his pay and allowances be regulated?

**(2 Marks)**

- (d) Can Furlough Leave be granted to NCC officers on full time basis?

**(2 Marks)**

**Ans:**

- (a) It is adjusted against the officer's entitlement of Annual leave for the calendar year in which he reports for duty.

**(Authority: Para 139 A XIV OM Part IX)**

- (b) No, specialist pay is not admissible during the period of study leave.

**(Authority: Para 143 VII(a) OM IX)**

- (c) If Annual leave to the army officers has been granted in excess of his entitlement, his pay and allowances will be restricted to Furlough rates, if Furlough leave for the cycle is available. If no Furlough leave is at credit, no pay and allowances will be admitted.

**(Authority: Para 139 A XIV OM Part IX)**

- (d) No Furlough leave can be granted to NCC Officers on whole time basis.

**(Authority: Para 140(i) OM IX)**

- Q.9.** (a) What is the utilization of the yearly unit nominal rolls in the office of the PAO(ORs) received from units/formations?

**(4 Marks)**

- (b) What checks are carried out on Acquittance rolls received in the PAO(ORs)?

**(4 Marks)**

- Ans:** (a) (i) To check up the correctness of the number of IRLAs maintained in the PAO(ORs)  
(ii) To ensure by independent means that an IRLA is maintained for every effective soldier.  
(i) To ensure that no duplicate or redundant IRLA exists in the PAO.  
(ii) To ensure that any IRLAs have been segregated; and  
(iii) To rectify any errors/discrepancies in regard to service particulars i.e. Army/ Regimental no., Rank, name of Personnel and unit as given in the accounts documents.

**(Authority: Para 292 OM Part X Vol.I)**

- (b) The following checks are carried out:-

- (i) The total amount paid on each Acquittance roll is entered in the appropriate place of the paying officer in his own handwriting both in words and figures.  
(ii) The name of the PAO responsible for the maintenance of the pay accounts of the payees is noted on the top of the Acquittance roll.  
(iii) Separate Acquittance Rolls are prepared for:  
(a) JCOs/ORs; Boys and NCs(E)  
(b) Civilians (while serving in field service area)  
(c) Each unit/formation of payees.  
(d) Each core/Regiment of payees  
(iv) As far as possible, name of payees are entered in Acquittance rolls in sequence of I.O/Army number.  
(v) There is no delay in transmission of Acquittance rolls.  
(vi) Continuity in serial numbers allotted to Acquittance rolls by imprest holders has been maintained.  
(vii) The relevant columns in the Acquittance rolls have been completed and all blank columns have been scored through.

**(Authority: Para 186 OM Part X Vol.I)**

- Q.10.** (a) What action will be taken by the Ledger Section of the PAO(ORs) if unauthorized

alterations are noticed while checking closed Pay books and also discrepancies are found between the amounts posted in the IRLAs and those entered in the Pay books?  
(4 Marks)

- (b) Is a Jawan serving in PRC Ramgarh eligible for free remittance of family allotment money orders through official channels?  
(2 Marks)
- (c) Who is entrusted with the work of Payment of Family Allotments to the allottees in respect of Gorkha Personnel?  
(2 Marks)

**Ans:** (a) The Ledger section of the PAO will bring to the notice of the OC unit if there are any unauthorized alterations. If there are any discrepancies between the amount posted in the IRLAs and those entered in the Pay book, they will be settled as expeditiously as possible in communication with OC.

(Authority: Para 252(iv) OM Part X Vol.I)

(b) No. A Jawan who is not serving in operational area is not eligible for free remittance of family allotment money orders through official channels.  
(Authority: Para 253 OM Part X Vol I)

(c) The work of payment of Family Allotments to the allottees in respect of Gorkha personnel is entrusted to Recruiting officers for Gorkhas or Military Attache, Embassy of India, Nepal.

(Authority: Note below Para 253 OM Part X Vol I)

**Q.11.** (a) In respect of which categories of personnel IRLAs have not been computerized in the PAO(ORs)?  
(3 Marks)

(b) What are the primary reasons for master missing ACRs?  
(3 Marks)

(c) After computerization of PAO(ORs), how are the final settlement cases of JCOs/ORs dealt with?  
(2 Marks)

**Ans:** (a) IRLAs in respect of the following categories of personnel have not been computerized in the PAO(ORs).

(i) TA Personnel

(ii) NCC Personnel

(iii) Reservist IRLAs

(iv) IRLAs of Army Personnel whose Pay and allowances are not governed by pay and allowances Regulations (ORs)

(v) Religious teachers and direct JCOs.

(b) The primary reasons for master missing ACRs are as under:

- (i) Non-creation of Masters for Recruits
- (ii) Non-creation of Masters for “Transfer-in” cases.
- (iii) Part-II orders notifying the allotment of JC numbers not actioned.
- (iv) ACRs of “Transfer-out” cases not extracted and sent to other PAOs.
- (v) Army numbers not checked in the edit lists completely.
- (vi) Feeding of ACRs in respect of IRLAs maintained manually.

**(Authority: Para 38.1 OM Part X Vol III)**

- (c) Final settlement cases will be done manually as hitherto based on the closing balance of the last quarter as base.

**(Authority: Para 66 OM Part X Vol III)**

- Q.12.** (a) Whose orders are required for reconstruction of a missing audit card in the office of PCDA(P) Allahabad?

**(2 Marks)**

- (b) What is the periodicity for stock taking of Pension Audit Cards in the office of PCDA(P) Allahabad?

**(2 Marks)**

- (c) What is the prescribed format for preparation of Audit Card for disability pensions?

**(2 Marks)**

- (d) What is “Master Set” in the office of PCDA(P) Allahabad?

**(2 Marks)**

- Ans:** (a) In the event of loss of Audit card, a duplicate Audit card is prepared only after obtaining orders of the Group Officer.

**(Authority: Para 174 OM Part IV Vol V)**

- (b) The stocktaking of pension Audit card with the Index Register will be done by a “Central Cell” yearly or at short intervals, if the situation so demands as may be prescribed by the CDA.

**(Authority: Para 178 OM Part IV Vol V)**

- (c) IAF (CDA) 208 A

**(Authority: Para 154 OM Part IV Vol V)**

- (d) Duplicate copies of all payment orders issued by Grant Section (ORs) are recorded in separate volumes called as “Master Set”.

**(Authority: Para 151 OM Part IV Vol V)**

## SECTION III (Factories Portion)

- Q.1.** Offer your comments on the following situations:
- (a) The Accounts Office objects to the Factory Management maintaining more than one Bin Card in the case of stores located at more than one place. **(4 Marks)**
- (b) The late attendance of an IE by 2 hours due to late running of local train was condoned by the General Manager. The same IE claims full OT wages for that day. **(4 Marks)**

- Ans:**
- (a) The objection of the AO is not valid, since in the case of stores located at more than one place, more than one Bin Card may be maintained. However, in such cases, a note should be kept in the relevant Ledger Folio of the number of Bin Cards that are maintained for the item concerned and the location of the stock. **(Authority: Rule 17, notes 2 to 6, FAR)**
- (b) The IE claiming full OT wages on the day when his late attendance was condoned by the GM is not correct, since if any OT is worked by the affected IE on the date of late attendance, the OT wages will be reduced by the proportionate wages calculated on single time rate in respect of late attendance condoned on that particular date. **(Authority: Para 127 OM Part VI Vol I)**

- Q.2.**
- (a) Work out the duty pay of a day-worker IE governed by the 'Payment of Wages Act 1936' for a day from the data given below:  
 Basic Monthly Pay                      Rs.3,370  
 No. of days in the month              31  
 No. of Sundays                              5  
 No. of closed paid holidays          1  
 Please show the detailed calculation. **(4 Marks)**
- (b) In a Factory, Ledger Folios showing NIL balance both in quantity and value continuously for 12 years are kept in the current volumes. Offer your comments. **(4 Marks)**

- Ans:**
- (a) The formula to be adopted is
- $$\frac{1}{N-(S+H)} \times \text{Basic monthly pay, where,}$$
- N = No. of days in a month  
 S = No. of Sundays in the month, and  
 H = No. of closed paid holidays in that month  
 Accordingly, the pay for a day would be



$$\frac{1}{31 - (5+1)} \times 3370$$

$$\frac{1}{31 - 6} \times 3370 \quad \text{or} \quad \frac{1}{25} \times 3370 = \text{Rs.134.80}$$

**(Authority: Para 147(a) OM Part VI Vol I)**

- (b) The action of the Factory Management is not correct, because Ledger Folios which contain entries more than 3 years old and record 'Nil' balance both in quantity and value continuously for 3 years or more should be removed from current volumes and filed separately for future reference. The corresponding Bin Card also should be removed. These folios and Bin cards are termed as 'Non effective Folios'. Such Non effective folios should be reviewed at the end of each financial year and Ledger Folios and Bin Cards older than 10 years should be viewed as dead and destroyed, unless reference to these old Ledger shuts/Bin cards is necessary for settling discrepancies, disputes etc. at the time of destruction.

List of non effective Folios and Bin cards removed is furnished to the OFB Stock verification group and the A/cs office.

**(Authority: Note 2 under Para 428 OM Part VI Vol I)**

- Q.3.** (a) Explain briefly what you understand by the term 'Systematic Overtime'. **(4 Marks)**
- (b) Under the principles of costing, how is the Prime Cost of a product arrived at? Based on the Prime cost, how is Cost of Production of the item worked out? **(2+2 = 4 Marks)**

- Ans:** (a) Overtime may be systematic or casual. Any OT worked by a shop or a section as a whole irrespective of the period involved or OT worked by an individual exceeding 14 calendar days (including Sundays and Gazetted holidays) at a time is classified as Systematic overtime. OT worked by individual members of a shop or section for a period not exceeding 14 consecutive calendar days will be classified as casual OT, unless it is sanctioned by the DGOF in which case it is to be treated as Systematic OT.

**(Authority: Para 189 OM Part VI Vol I)**

- (b) The cost of a product is analysed as under:-

Direct Labour – Labour that can be charged directed to the job

Direct Material – Material required for the job

Direct chargeable Expenses – Expenses that can be charged direct.

The above constitute Prime Cost.

Based on the Prime Cost, the cost of production is worked out as under:-

Prime cost + Indirect Expenses of the Fy. Sections (Work OH)+ Indirect Expenses of Administrative Sections.

**(Authority: Para 21 OM Part VI Vol I)**

**Q.4.** (a) Explain briefly how the payment due to a workman who works partly as a piece worker and partly as a day worker is calculated for the wage period. **(4 Marks)**

(b) What are the conditions under which General Manager may allow price increase upto a ceiling of 5% of the contracted price? **(4 Marks)**

**Ans:** (a) A workman who works partly as a piece worker and partly as a day worker during a wage period will be paid piece work earnings for the period he is put on piece work and time wages calculated at the rate of  $\frac{1}{(N-S)}$  for the period he works as a day worker. I

In addition, payment for closed paid holiday, if any, falling within the wage period will be made to him separately as in the case of a piece worker.

**(Authority: Para 147(c) OM Part VI Vol I)**

(b) GMs may allow price increase upto a ceiling of 5% of the contracted price, if:-

(i) Alternative course of making risk purchase arrangements is either not practicable or would adversely affect production, and

(ii) the increase claimed by the party is due to factors beyond their control. The increase should not be allowed as a matter of routine, and 5% is the maximum limit.

**(Authority: Para 368(b) OM Part VI Vol I)**

**Q.5.** (a) How many paid holidays are the IEs entitled to in a year? **(2 Marks)**

(b) Offer your comments on the following:

(i) The Factory Management held auction sales without associating Accounts Staff.

**(2 Marks)**

(ii) A General Manager placed order for quantity 200 Nos. of an item under his financial powers. The vendor supplied quantity 208 Nos. The GM accepted the excess quantity even though the total value of quantity 208 Nos. exceeded his financial powers.

**(4 Marks)**

**Ans:** (a) The IEs are entitled to 16 paid holidays in a calendar year. **(Authority: Para 202 OM Part VI Vol I)**

(b) (i) The action of the Fy. Mgmt. is not in order, since the Accounts Staff has to be associated with the Factory executive when auction sales are held.

**(Authority: Rule 64, FAR)**

(ii) The action of the GM is not in order, since he is authorized to accept supplies in

excess of the quantity ordered, only, if:-

(i) the value of excess supplies does not exceed 5% of the original value,

(ii) the total value of the supplies made does not exceed the financial powers of the officer originally sanctioning the contract.

**(Authority: Para 368 OM Part VI Vol I)**

**Q.6.** (a) From the following details, work out the Monthly Average Ledger Rate of item 'X':

Opening quantity                    203 Nos.  
Opening value                        Rs.96,019  
Quantity received during the month 127 Nos.  
Value of receipts during the month Rs.61,595  
Please show the detailed calculation.

**(4 Marks)**

(b) An IE who was on EOL other than on Medical Certificate was granted increment on the due date. Offer your comments.

**(4 Marks)**

**Ans:** (a)  $\frac{96,019 + 61,595}{203 + 127}$

i.e.  $\frac{1,57,614}{330} = \text{Rs.477.62}$

**(Authority: Para 421(i) OM Part VI Vol I)**

(b) The action in granting increment to the IE is not in order, since EOL taken other than on MC shall not count for increments in the post in which he was working at the time of proceeding on such leave.

**(Authority: Para 186 OM Part VI Vol I)**

**Q.7.** Offer your comments on the following:

(a) A fine has been imposed on a worker for distribution and exhibiting inside the factory area of hand bills, pamphlets and posters without previous permission.

**(4 Marks)**

(b) In a factory maintaining 2,500 items of stocks, the factory staff carried out verification of 238 items during the year.

**(4 Marks)**

**Ans:** (a) Provision exists for inflicting fines for the act indicated on the part of a person with the previous approval of the prescribed authority, after giving him an opportunity for explanation.

**(Authority: Para 252(ii)(h) OM Part VI Vol I)**

- (b) The action of the factory staff in carrying out the verification of only 238 items is not in order, since they have to verify at least 10% of the items i.e.250.

(Authority: Para 464 OM Part VI Vol I)

- Q.8.** (a) Indicate some of the items which appear in the Cost Accounts of factories although they do not appear in the Financial Accounts.

(4 Marks)

- (b) The pay for the period when an IE who is a representative of recognized union was away to attend the meeting of his union was disallowed by the Accounts Officer. Offer your comments.

(4 Marks)

- Ans:** (a) Some of the items which do not appear in the financial accounts, but appearing in the cost accounts are –

- (i) Superannuation charges
- (ii) Assessed rent of rent free quarters
- (iii) Cost of central accounts and administration
- (iv) Departmental charges on MES works
- (v) Medical or surgical stores, etc.

(Authority: Para 840 OM Part VI Vol II)

- (b) The action of the AO in disallowing the pay of the IE is not in order, since Special Casual Leave on full pay can be granted to the representatives of Unions/Federations/ Association to attend meetings/conferences.

(Authority: Para 180(d) OM Part VI Vol I)

- Q.9.** (a) Calculate the overtime payable for each hour in excess of 9 hrs. a day or 48 hrs. a week to an IE under the Factories Act, from the following details:

(4 Marks)

Monthly Basic Pay	Rs.3,050
D.A.	Rs.778
C.C.A.	Rs.200
H.R.A.	Rs.1,373

Please show detailed calculation.

- (b) The Section Officer of Costing Section carried out test check of posting of 3% of overhead abstracts in the Cost Cards. Offer your comments.

(4 Marks)

- Ans:** (a) The formula to be adopted is

$$\frac{P}{200} + \left[ \frac{1}{4} \times \frac{P}{200} \right] + \frac{2d}{200}$$

$$\frac{3050}{200} + \left[ \frac{1}{4} \times \frac{3050}{200} \right] + \frac{2(778+200+1373)}{200}$$

$$= 15.25 + 3.81 + 23.51 = \text{Rs.}42.57$$

**(Authority: Para 199 OM Part VI Vol I)**

- (b) The action of the Section Officer of Costing Section is not in order, since he is to test check at least 5% of the postings of Overhead Abstracts into the Cost cards.

**(Authority: Para 627 OM Part VI Vol II)**

**Q.10.** Comment on the following:

- (a) Compensation under Workmen's Compensation Act, 1923 has been claimed for a worker in respect of an accident which occurred in the course of a job entrusted to him by his superior.

**(4 Marks)**

- (b) The concessions as for a new factory are granted to workmen during the 4<sup>th</sup> year from the date production started.

**(4 Marks)**

- Ans:** (a) Compensation is payable in such a case, and the job entrusted does not necessarily be a job which under normal terms of his employment, the workman has to do. The action in claiming the compensation, is therefore, in order.

**(Authority: Para 247 OM Part VI Vol I)**

- (b) The action in granting concessions during the 4<sup>th</sup> year is not in order, since for the purpose of grant of concessions, a new Factory will be treated as 'New' till three years from the date production starts and the same holds good for new inspectorates also.

**(Authority: Para 294(iv) OM Part VI Vol I)**

- Q.11.** (a) In a Factory, the management charged depreciation on its permanent buildings from one year after the buildings is ready for occupation. Offer your comments.

**(4 Marks)**

- (b) Why is it necessary to have prior concurrence of the Accounts Office while notifying fixation of pay on promotion to a higher grade in the trade or transfer to a different trade?

**(4 Marks)**

- Ans:** (a) The action of the Fy. Management is not in order, since depreciation is to be charged from the first of the month following that in which the building is ready for use in occupation.

**(Authority: Para 800(ii) OM Part VI Vol I)**

(b) Prior concurrence of the AO is necessary in such cases to ensure in audit that the following conditions are fulfilled:-

- (i) The workman has passed the prescribed trade test, and
- (ii) there is a vacancy in the new grade/trade.

**(Authority: Note under Para 289 OM Part VI Vol I)**

**Q.12.** (a) The Accounts Office refuses to entertain the belated claim of a workman for payment for work done two months earlier, even though the same is supported by a written order of the G.M. Offer your comments.

**(4 Marks)**

(b) In a case of loss of foreign supplies occurring in India during transit from the port of disembarkation to the ultimate destination, the same was treated as "Losses in stock". Offer your comments.

**(4 Marks)**

**Ans:** (a) The action of the AO is not in order because, even though belated payments for work done in previous months are ordinarily inadmissible, a belated claim will be admitted if it is supported by a written order of the GM recording the reasons allowing the belated claims.

**(Authority: Para 221 OM Part VI Vol I)**

(b) In view of the fact that loss in the instant case arose before accounting for the stores by consignee, the loss which represents value of stores paid but not received are treated as 'Cash Loss' and not as 'Loss in stock'. No adjustment to store account is therefore necessary.

**(Authority: Paras 476-478 OM Part VI Vol I)**

## **SECTION IV (Air Force Portion)**

**Q.1.** Comments on the following:

(a) The driver of a Group Captain has signed an entry in the car diary covering a distance of 120 kms.

**(4 Marks)**

(b) Govt. Transport has been used for the conveyance of airmen to “Wagha Border” in Amritsar.

**(4 Marks)**

**Ans:** (a) This is not in order and has to be objected in audit. When a G/C is a user of the staff car, the car diary may be signed by the officer himself. In no case car diary is to be signed by driver himself.

**(Authority: Para 181(b) Chapter V of AFLAM)**

(b) This is a case of use of Govt. transport for amenity purpose. The transport duty is perfectly in order and not to be objected in audit.

**(Authority: Para 181(iv) Chapter V of AFLAM)**

**Q.2.** Who is responsible for pricing of stores in the following cases:

(a) Issue of AF stores to Mauritius. **(2 Marks)**

(b) Issue AF stores to BSF from AF stock **(2 Marks)**

(c) Loss of 100 kg of rice in AF Units **(2 Marks)**

(d) Loss of an Aircraft **(2 Marks)**

**Ans:** (a) Issues made to Foreign governments – the price charged is fixed by MoD(Fin/Air) in consultation with MoD. In the case of supply of stores to Mauritius, against their demands sponsored by the (MEA), Ministry of External Affairs, copies of relevant issue vouchers (unpriced) have been sent to Air HQrs and their acknowledgements obtained and recorded. The LAO(AF) will also ensure that relevant extracts from the statement showing particulars of issuing depots, number and date of issue vouchers and their cost etc. are received from the CDA(AF) for linking.

**(Authority: Para 97 of AFLAM)**

(b) Accounts Officer of issuing Depot/Unit supplies three unreceipted priced copies of issue voucher to the Consignor LAO. On receipt of three copies of issue vouchers in respect of issues to BSF, the LAO(AF) will ensure that the prices charged therein are correct in the case of equipment for which priced vocabularies have been published.

In case of items for which priced vocabularies have not been published, it will be ensured that the prices have been obtained from Air HQrs. (Dte of Accounts)

**(Authority: Para 98 of AFLAM and 24 of Ch.8 of IAF ER)**

- (c) Deficiencies are to be dealt with under formal write-off procedure. Setting off deficiencies against surpluses of similar items or of the same generic heading are not permitted. Account officer does the pricing and with his recommendations pass the loss statement and supporting papers to the Commanding Officer for approval of write off, if it falls within the financial powers of the C.O.

**(Authority: Ch.25 Paras 36,37,43,44 of IAF ER)**

(d)

**Q.3.** Whose sanction is required:

- (a) To assign development and modification of an aircraft functions to HAL costing 5 crores.

**(3 Marks)**

- (b) To issue exchange orders in favour of Air India for move of an Air Cmde and his family ex India on posting.

**(2Marks)**

- (c) To authorize airmen to live with their families.

**(2 Marks)**

**Ans:** (a) Govt. sanction

**(Authority: Para 241 A(a) of Chapter XIII of OM Pt.III)**

- (b) Govt. sanction is required.

**(Authority: Para 160 of Chapter IX of OM Pt.III)**

- (c) OC of the duty station.

**(Authority: Para 146(x)(a) of Chapter IX of OM Pt.III)**

**Q.4.** Write short notes on the following:

- (a) Military credit note **(2 Marks)**

- (b) URR demands **(2 Marks)**

- (c) Class III issues **(2 Marks)**

- (d) Logistic officers **(2 Marks)**

**Ans:** (a) Form T-1711 are obtained from the Govt. of India Forms Stores, Calcutta. CO places the indent and this is supplied in books of 100. they are used for the dispatch by rails of goods which are the bonafide property of the govt. in the Defence Department.



Forms are issued duly signed by the issuing officer at the time of issue of its original copy. It is never issued blank. The stock is periodically inspected.

**(Authority: Para 84 Chapter 3 of IAF ER)**

- (b) Urgent repair requirements demands are assigned to assist completion of repairs to air frames, propellers, aero-engines, turrets, under-carriages, MT vehicles and radio equipments irrespective of vocabulary section. The URR priority is restricted to service repair units and units carrying on second line maintenance of Aircraft and is used only when the lack of necessary spares is actually holding the job.

**(Authority: Para 47 Chapter 4 of IAF Equipment Manual)**

- (c) Issues to Army, Navy, Ordnance Factories and MES as well as Inter-Service organizations are made after the approval of the Ministry of Defence (Fin) who will also decide the term of issue whether free or on payment. Air HQs will then instruct the consignor units accordingly. Interdepartmental adjustments will then be carried out by the LAO of issuing units with the CDA of receiving service. These will be vouched on IAFF(Q) 431 raised in six copies. These will be priced by the Accounts Officer of the consignor units.

**(Authority: Para 24 Chapter 8 of IAF Equipment Manual)**

- (d) A Logistic Officer has to play an important role as he ensures that no issue of equipment is to be made to Air Force personnel unless certain requirements of rules laid down by Govt. of Indian is fulfilled. He is to maintain a manuscript record of these transactions and Forms (Q) 403 are to be numbered serially from this record. The logistic office carries out a monthly check of Form (Q) 403 against the substance record card Form Q 468. The logistic officer or his representative is to check the vouchers with the items returned to store to ensure that the equipment is correctly labeled and conditioned and the particulars on the label are correctly transcribed to the internal return and receipt voucher, the equipment is correctly identified and the articles of equipment which may conceivably contain explosive material of any kind have been certified by a competent armament officer of NCO that such explosives have been removed. Logistic Officer also inspects all equipments and the like, and submits for exchange to ensure its condition and label.

**(Authority: Chapter 12&16 of Para 12 of IAF ER)**

**Q.5.** Draw out the difference between simplified accounting of stores in war as different from peace time accounting in the Air Force.

**(8 Marks)**

- Ans:**
- (a) Vouchers are not raised in respect of Class 'C' stores, but the transactions should be recorded on Register of Issues and Register of Returns under the signature of authorized flight/section representative. Consolidated vouchers should be prepared at the end of the day from the Registers for posting in SSRC vouchers, are to be retained be raised for Class A & B stores.
- (b) Forms Q 401 are not to be used here. Equipments for repair should travel direct from flight section to unit workshops and vice-versa after repair. Written authority of the Commanding Officer authorizing the repair need not be obtained.

- (c) Independent audit checks in A and U ledgers may be frozen.
- (d) Form 304(Q) 420 are frozen.
- (e) Airframe, Aeroengines, MT Vehicles and marine craft are not to be held on stock record charge except MTSU or main stockholding units. However, each unit has to maintain a record of them in manuscript to display the type and number in each case to be adjusted in case of transfers/strike offs.
- (f) Forms IAF(Q) 420 are frozen.
- (g) Entries in the log book will not be subject to audit till the reversal of the system to peace time.
- (h) Stock checks will be exercised only by the logistic officer.
- (i) Local purchase will be brought out on charge by certificate receipt vouchers or from the original copy of bill submitted by the contractor. A&I note register need not be maintained.

**(Authority: Paras 63 to 89 Chapter 42 of IAF Equipment Accounting Regulations)**

**Q.6.** What is the link between Imprest Section of CDA(AF) Dehradun, CDA(AF) New Delhi and JCDA(AF) Subroto Part regarding adjustment of acquittance rolls of IAF personnel?

**(8 Marks)**

**Ans:** Acquittance rolls in respect of payment to IAF Personnel requiring IRLA action will be raised in duplicate. The original with forms IAFF(F) 1505 in duplicate will be sent to IAF CAO certifying as under: "Certified tha the amount shown above against cash voucher agrees with the amount actually paid on the Acq. Rolls." AFCAO will forward one copy of form IAFF(F) 1505 to Dy. CDA(AF) duly certified that the amounts stated therein have been adjusted in the IRLAs. A copy of the IAFF(F) 1505 (without A rolls) will be sent to CDA in support of Cash Account (IAFF (F) 1501).

**(Authority: Para 187 Chapter XI Imprest Sec. Office Manual Part III)**

**Q.7.** How are the funds supplied to the AF Units?

**(8 Marks)**

**Ans:** With the introduction of Cash Assignment System w.e.f 1.7.1989, Command AOs and SAOs of various command and units (as authorized) are to forward an estimate of cash requirements normally six monthly i.e. from 1<sup>st</sup> April to 30<sup>th</sup> Sept. and 1<sup>st</sup> Oct. to 31<sup>st</sup> March of each year. On receipt of these estimates CDA(AF) will issue necessary authorization on SBI/RBI in favour of the Command/Units who, n turn, will supply funds to the Units. CDA9AF) will issue separate cheque books for this purpose to command/units.

CDA(AF) will be that the amount required for each month is based on the past actuals. The reverse of 20% in the estimate has been worked out correctly. Any increase/decrease in requirement has been supported with convincing reasons. The specimen signatures of the officer, who is to operate the Cash Assignment, have been submitted in duplicate duly attested by AOC-in-C, 'D' section will issue advice to the

treasury/bank concerned.

**(Authority: Para 178, 179 Chapter XI Imprest Sec. Office Manual Part III)**

**Q.8.** Please explain in brief the terms casting, linking, pairing and scheduling. **(8 Marks)**

**Ans:** 'Linking' means bringing together an entry in the store accounts and a supporting voucher to ensure that the entry in the Store accounts is strictly in accordance with the voucher or vice-versa.

**(Authority: Para 53(b) AFLAM)**

'Pairing' means bringing together with two documents which are supposed to be facsimile copies of the other to ensure in audit that they are, in fact, identical.

**(Authority: Para 53(c) AFLAM)**

'Scheduling' means transmission of vouchers by the consignor LAO to the consignee LAO in regard to stores issued from one unit to another unit, formation etc. (including in the case of Equipment Depots, transfer to the Unit Equipment Section from the Main Depot Equipment stores).

**(Authority: Para 53(d) AFLAM)**

**Q.9.** Which Sections in the CDA(AF) deals with the under mentioned items of work:

- (a) Watching expenditure under locally controlled heads. **(2 Marks)**
- (b) Issue of NDC to the airmen. **(2 Marks)**
- (c) Recovery of cost of training imparted to foreign Government personnel. **(2 Marks)**
- (d) Audit of Acquittance Rolls. **(2 Marks)**

**Ans:** (a) Watching expenditure against allotment under locally purchased heads – Imprest Section. The authorities to whom allotments are made are responsible for watching the progress of expenditure and for seeing that the expenditure does not exceed the allotment. For this monthly statements in triplicate are sent to Imprest Section by the 7<sup>th</sup> of the month following that to which the Cost Accounts relate.

**(Authority: Para 199 OM Part III, Chapter III)**

(b) Issue of NDC to airmen: AOC APCAOC calls for No Demand certificate from CDA(AF), Dehradun on receipt of discharge notification of airmen by him. 'T' section of M.O. CDA(AF), Dehradun, on receipt of call notice, issues the NOC as per the procedure laid down for issue of NOC to Air Force officers vide para 161(a) OM III Chapter IX.

**(Authority: Para 161(b) Chapter IX OM Part III)**

(c) Recovery of cost of training to Foreign Government personnel: The cost of training imparted to foreign government personnel at various IAF units will be recovered at the

rates and in the manner laid down in government letters. Store Section of M.O. will ensure that recovery statements have been raised within the stipulated period that the duration of the training period is within the reasonable time laid down in the govt. letter. Separate procedure is followed for self-finance countries and ITEC countries.

**(Authority: Para 129 Chapter VIII OM Part III)**

(d)

**Q.10.** Define and differentiate between 'Propriety Audit' and 'Performance Audit'. **(8 Marks)**

**Ans:**

**(Authority: Chapter I AFLAM and Literature issued by CGDA office from time to time)**

**Q.11.** Write short notes on the following terms:

(a) Forecast factor **(2 Marks)**

(b) Transcription **(2 Marks)**

(c) Rotables **(2 Marks)**

(d) Dues in **(2 Marks)**

**Ans.**

(a) **(Authority: SL No.33 Glossary of Terms IAP 1501 ER)**

(b) **(Authority: SL No.79 Glossary of Terms IAP 1501 ER)**

(c) **(Authority: SL No.63 Glossary of Terms IAP 1501 ER)**

(d) **(Authority: SL No.26 Glossary of Terms IAP 1501 ER)**

**Q.12.** Write shot note on classification and accounting of the flying rations. **(8 Marks)**

**Ans.**

**(Authority: Para 41 to 45 Chapter 34 IAP 1501 ER)**

## **SECTION V (Navy Portion)**

**Q.1.** (a) Does the NLAO enjoy any discretion in carrying out Local Audit duties and programme of work? **(4 Marks)**

(b) What cases are required to be brought to the notice of PCDA(N) personally by way of a Special Report by the NLAO? **(4 Marks)**

**Ans:** (a) NLAO is given discretion in exercising certain test checks on the work of Local Audit staff, e.g. in test check of the verification of credit in store accounts NLAO has discretion on the extent to which his check is to be applied. However test check to be exercised should be substantial.

Further, to enable the NLAO to devote more time to financial advice and to settling on the spot important local audit objections and points of controversial nature, the NLAO is allowed a certain amount of discretion in working out the quarterly programme.

**(Authority: Para 5&6 of NLAOs Manual)**

(b) The NLAO has to do it in the following cases:

(i) Cases in which the prescribed accounts are non-existent or missing or have not been produced for audit.

(ii) Cases in which the accounts maintained by a ship/establishment or depot are in an unsatisfactory state.

(iii) Cases in which the procedure adopted in maintaining the accounts is not in conformity with that authorized in rules or standing orders.

**(Authority: Para 17 of NLAOs Manual)**

**Q.2.** Who is authorized to issue stores as samples? What checks should be carried out in local audit in such cases? **(8 Marks)**

**Ans:** The controller general of Inspection and Planning is authorized to issue stores as samples on loan for a period of six months.

The following checks should be carried out in Local Audit;

(a) The issues are entered in the loan ledger and any extension of loan period is approved by Competent Authority.

(b) Security deposit has been obtained from Non-governmental agencies/firms in case of issue of samples to them.

(c) Samples charged off on expense vouchers are supported by the requisite

certificate from the authority responsible for development of store that the samples were consumed/destroyed in test/development.

(d) Issue of sample stores destroyed/expended in test upto the prescribed value in each case are regularized in normal manner.

(e) Recovery of cost of samples above the prescribed value except at (c) above has been made from the development agencies or firms, otherwise loss should be regularized under orders of CFA.

(f) Packing, incidental and transportation charges at the time of initial dispatch of samples to the firms exceeding the prescribed limit (value) are recovered from the firms.

**(Authority: Para 110 of NLAOs Manual)**

**Q.3.** (a) Under what categories are the accounts of supplies received and issued in/by Base Victualling Yards maintained?

**(4 Marks)**

(b) What additional points are required to be seen in the Local Audit of Central Ledgers of Base Victualling Yards? Mention five such points.

**(4 Marks)**

**Ans:** (a) The Accounts of Base Victualling yards are maintained under the following categories:

- i) Basic group
- ii) Necessities
- iii) Hospital group
- iv) Fresh provision
- v) Fuel group
- vi) Packing materials and
- vii) Suspense Ledger

**(Authority: Para 122 of NLAOs Manual)**

(b) The following additional points will be seen in local audit of Central Ledgers of BVYs:-

- a) That separate ledgers are maintained for each category of article.
- b) Receipt entries are made in red ink and initialed by Base Victualling Officer or his nominated officer.
- c) Issue entries are made in Black ink and they represent the totals of issues as shown in the Daily Balance statement.
- d) No unauthorized stocks are held.
- e) Stock of all items is verified atleast once in a month.
- f) Stores received for maintenance of the Depot are accounted for separately.

**(Authority: Para 123 of NLAOs Manual)**

**Q.4.** What are the types of stock-taking conducted in Self-Accounting ships/ establishments? What are the points seen in snap check?

**(5+3=8 Marks)**

**Ans:** The following types of stock-taking are conducted in self accounting ships/Estts.:

- a) Continuous stock taking of sea stores in custody of supply officer.
- b) Stock taking of sea stores on charge of supply officer but held for custody by the Departmental officers.
- c) Snap check
- d) Stock-taking on transfer of Supply Officer
- e) Stock-taking of sea stores on permanent loan.

In the snap check it should be seen that

- i) this check is conducted by the supply officer without previous notice, frequently
- ii) The result of such check is recorded in the stocktaking book and
- iii) The discrepancies are written off by the CFA to be determined with reference to the value of the differences disclosed on each occasion.

**(Authority: Para 141A & 141D of NLAOs Manual)**

**Q.5.** What kinds of establishments in Navy are expected to render monthly Bakery Account? Explain the Bakery Account procedure.

**(8 Marks)**

**Ans:** Shore establishments having bakeries are to render monthly bakery account on form IAFS-1557 to PCDA(N)/NLAO concerned. At the end of a calendar year, shore establishments and BVYs having bakeries, are to render a production account to the PCDA(N) for working out the production cost of bread baked. In case of ships having own bakeries all ingredients used for production of bread are to be shown as expenditure in appropriate columns of victualling accounts and bread is to be taken on charge in the appropriate receipt column.

**(Authority: Para 404 of NVM (INBR 14))**

**Q.6.** (a) Mention the categories under which stocks declared unfit for human consumption by CFL fall?

**(4 Marks)**

(b) What particulars should be shown in the Survey Report of Victualling Stores?

**(4 Marks)**

**Ans:** (a) Stocks which are declared unfit for human consumption fall under the following categories:-

- a) Category E – may be fed to animals
- b) Category F – may be disposed off for commercial purposes
- c) Category G – unfit for human consumption and cannot be categorized as ‘E’ or ‘F’ and should be destroyed.

**(Authority: Para 1314 of NVM)**

(b) The following particulars should be shown in the survey report of victualling stores:-

- i) Source of supply and the date of receipt
- ii) Date of last inspection and condition at that time.
- iii) Likely cause of deterioration
- iv) Present condition of the stores
- v) Recommendation to prevent recurrence
- vi) Whether the deterioration is to causes which render the contractor/manufacturer liable
- vii) Recommendation as to disposal of stores.

**(Authority: Para 1318 of NVM)**

**Q.7.** What is the policy of transfer of stores from one ship to another as given in Naval Storekeeping Manual? What is the provision of issue of stores to Army and Air Force by the Navy?

**(8 Marks)**

**Ans:** As per Article 134 of NSM the transfer of permanent stores from one ship to another shall be made only in exceptional circumstances and with the approval of appropriate Administrative Authority of the ship/establishment transferring the stores. If in an emergency the approval cannot be obtained before the transaction takes place, it shall be obtained subsequently. Consumable stores shall normally be transferred only when immediately required by the indemnity ship and the quantities demanded shall be restricted to present use only.

As regards issues of stores to Army and Air Force, these are done on payment from Naval Stores Depots. In exceptional circumstances, however, such issues may be made by ships and establishments.

**(Authority: Para 134 & 137 of NSM (INBR 12))**

**Q.8.** What action is taken by the consignor/consignee when a discrepancy is found to exist between the stores received and that shown in relevant vouchers?

**(8 Marks)**

**Ans:** When a discrepancy is found to exist between the quantities or conditions of stores received and the quantity or condition of stores as shown on relevant vouchers, following action is taken:-

- a) The necessary investigation and action to have the loss written off shall normally be taken by consignee.
- b) Where consignee certifies that cases were intact and damage/deficiency could not have occurred in transit, the consignor shall make the necessary investigation at his end and furnish the consignee with all relevant information.
- c) Where loss or damage is attributable to faculty packing at consignor's end or for other reasons admitted by the consignor, the action for write-off shall be the responsibility of the consignor but the final adjustment shall be made in the consignee's account.



- d) Loss or damage below the prescribed value may be adjusted at the discretion of C.O.
- e) When stores are lost in transit, necessary investigation and action to have the loss written off shall be initiated by consignee. If the value is recoverable from carrying agency, the consignee shall send (i) full particulars of the loss (ii) Acknowledgement of carrying Agency for the liability to PCDA(Navy) who shall take steps to affect recovery.

**(Authority: Article 266 NSM)**

**Q.9.** Why no detailed check is exercised by the Wage Section of PCDA(N) office on the EDPD-13 (P-5 forms) received from the EDP centre of Naval Dockyard, Mumbai?

**(8 Marks)**

**Ans:** In Naval Dockyard, Mumbai where cost Accounting procedure is in operation, EDPD-13 forms (P-5 forms), which show the allocation of actual No. of hours worked daily by each worker to the various work orders/jobs, are received by the EDP Centre of the dockyard directly from the work centres for processing and preparation of labour abstracts. After reconciliation of the total of the (P-5 forms) EDPD-13 of each centre for the day with the daily summary statement of productive hours certified by the foreman of each centre, the EDP centre arranges processing of the EDPD-13 (P-5 forms) and prepares the labour Abstracts based on this. In view of this, no details check is exercised by the wage section on the EDPD-13 (P-5 Forms) received at the end of the month from the EDP Centre. Only a test check on the total of hours indicated in the Time-card of that centre is undertaken and discrepancies intimated to Dockyard Authorities for rectification.

**(Authority: Para 68 of OM Part VII)**

**Q.10.** What points are seen in the audit of authorization slip claiming Submarine Pay?

**(8 Marks)**

**Ans:** Submarine pay is admissible to sailors qualified for service in submarines and appointed as part crew or spare crew. It is also admissible to sailors who are otherwise qualified for submarine service and hold appointments in which they are required as part of their normal duties to go to see in submarines from time to time and which are declared as such by NHQ.

Submarine pay is admissible to a sailor after completing submarine training and qualifying for service in a submarine and on being appointed either as a sub-marine crew or to the qualifying appointments.

Submarine pay is not admissible in addition to submarine allowance nor will it be admissible to a sailor who (i) remains medically unfit for service in submarines for a period exceeding three months, (ii) fails to maintain the requisite standard of efficiency as determined at the discretion of CNS and (iii) is transferred to General Service appointments.

**(Authority: Para 170 of OM Part VII)**

**Q.11.** What is the objective of Scale Audit of the complement of Indian Navy? **(8 Marks)**

**Ans:** Govt. of India MoD letters are received fixing the complements both for officers and sailors for various ships/estts. These are entered shipwise/estt.wise, rankwise, branchwise and ratewise in the complement registers – for the officers and sailors respectively.

The scale audit is conducted to see that –

- a) the effective(paid) strength of officers/sailors in both stabilized and temporary cadres put together in each branch and rank/rating of the Navy as a whole is within the sanctioned strength.
- b) Acting promotion of officers are sanctioned by the competent authority, the appointment is authorized and is in an existing vacancy.
- c) The advancement of sailors are sanctioned by the competent authority viz. the Commodore Naval Barracks.

**(Authority: Para 223 of OM Part VII)**

**Q.12.** Which Sections of PCDA(Navy) deal with the following:

- (a) Audit of abstract of receipts and charges. (2 Marks)
- (b) Audit and payment of Bills on account of local purchase of stationery and local printing. **(2 Marks)**
- (c) Bills for stores supplied and miscellaneous services rendered to IN Ships/Estts. **(2 Marks)**
- (d) Preparation of Annual Statement of works and production Account of Naval Dockyard. **(2 Marks)**

**Ans:** (a) IRLA Audit section. **(Authority: Para 133 of OM Part VII)**

(b) Imprest – Audit Section. **(Authority: Para 292(viii) of OM Part VII)**

(c) Store Audit Section (Bills Audit and Disbursement sub-section) **(Authority: Para 443 of OM Part VII)**

(d) Dockyard Cost Accounts Section. **(Authority: Para 512 of OM Part VII)**

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

**September, 2005**

**Subject: ‘B’ – Paper IV – CODES AND MANUALS – THEORETICAL  
(Without 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 relating to Factory/Air Force/Navy A/c 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) Questions in Section I carries 9 marks each & those in other Sections 8 marks each.
- (4) Answers to questions in Sections II, III, IV or V must be written in separate answer books.
- (5) Answer to all parts of a question should be written together at one place only.
- (6) Answers should be direct and precise.

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

- Q.1.** (a) What is a ‘Costed schedule’ of a work? A GE has not prepared a costed schedule for the work costing Rs.2.5 lakhs. Is the action of the GE in order? **(5 Marks)**
- (b) What do you understand by ‘Go-ahead’ sanction? A GE has incurred an expenditure over 20% of a work based on ‘Go-ahead’ sanction. Please comment. **(4 Marks)**

- Ans:** (a) Costed schedule of work is a costed estimate of various items of work to be carried in respect of an original work/project.

Costed schedule of work are prepared and technically sanctioned by the competent engineering authority before tender documents are issued. This will include an anticipated contractor’s percentage based on engineer officers appreciation of market trends.

Costed schedules of work are prepared strictly in accordance with the administrative so far as scope of work and scales are concerned. The technical

sanction to costed schedules of work can be revised because of engineering/technical reasons as on account of revision of administrative approval or on account of inaccurate estimation initially.

In the case of work estimated cost less than Rs.10,000/- the preparation of schedules of work may be dispersed with. Therefore, the action of GE is not preparing cost schedule of a work costing Rs.2.5 lakhs is not in order.

- (b) 'Go-ahead' sanctions are the sanctions accorded by CFA to an engineering authority for execution of an urgently required work based on rough estimates. Admn. Approval in such cases are issued later based on detailed AE's submitted by Engineering authorities. In the case of go-ahead sanction, Engineering authorities can not spend more than 20% of go-ahead sanction amount without issue of admn. Approval of the work.

**Q.2.** (a) What are 'RAR' payments and whether any 'on-account' payment can be made after submission of final bill?

**(5 Marks)**

- (b) Can a GE use 'Hand Receipt' for making an advance payment to a State Electricity Board for electric works? What are the main points which will be seen by you as task holder in 'E' section while scrutinizing such hand receipts?

**(4 Marks)**

**Ans:** (a) RAR or Running Account Payments are advance payments by GE to a contractor for the work done by him in accordance with the conditions of a contract. The bills of advance payments on running account to contractors are paid by GE after checks by his surveyor's assistant or ASW and AAO(GE). These are forwarded to CDA for post audit check. The amount of such payments shall not exceed the difference between the approximate value of work done and the cost of stores, T&P etc. and any previous running payment made upto date. In making such payments, due regard is to be paid to total value of work done, the amount of security deposit and the sum which is considered should be retained to cover possible contingencies.

On account payment can be made to a contractor even after submission of final bill in disputed and delayed cases.

- (b) The 'Hand Receipts' can be used for making advance payments to State Electricity Boards for laying down HT lines with the concurrence of CDA/PCDA if the payment to be made is over Rs.2.5 lakhs and with the concurrence of AAO GE if less than Rs.2.5 lakhs. While scrutinizing these receipts, following points will be seen

- Admn. Approval for the work has been issued
- Technical sanction to costed schedule of work given
- Requirement of advance payment from the State Electricity Board
- Availability of funds

**Q.3.** (a) Briefly describe the system of cash assignment to MES Officers. Can an assignment be apportioned between two treasuries?

**(5 Marks)**

(b) What specific points are essentially to be seen while scrutinizing the Monthly Expenditure Returns in the Regional Controller's office?

**(4 Marks)**

**Ans:** (a) Cash assignments are the credits placed on treasuries by PCsDA/CsDA in favour of disbursing officers holding specific appointments normally heads of offices, who are authorized to draw funds for their disbursement by cheque on such treasuries.

The amount of CA is fixed in consultation with PCDA/CDA. Within the amount so fixed, the assignments are recouped periodically by the PCDA/CDA in accordance with the estimates of requirements submitted by the GE through CWE/CE and the budgetary allocations.

A record is maintained by the CA holder on the prescribed format of the amount of assignment, daily transaction and the balance. It will be a running account within each financial year and the amount that can be drawn at any time is the balance at credit. Any balance unpaid on the last day of the financial year will lapse except cheque drawn before but paid after the end of financial year.

A cash assignment can be apportioned between two or more treasuries where necessary eg. in case of outstation division under a GE/AGE. In such cases, separate cheque books for each treasury concerned will be supplied by PCDA/CDA.

(b) The Monthly Expenditure Returns prepared by GE received in the office of PCDA/CDA will be examined to see

- that it contains the AAO GE/UA's certificate to the effect that the expenditure shown therein agrees with or has been reconciled with the figures shown in the Punching Medium (PM) for the month.
- The return will be compared with that for the last month to ensure that expenditure already incurred has been carried forward in the Return for the current month.
- That the figures shown in the Return agree with those of shown in the printed compilation of the month.
- 

That expenditure against each major work, sub-head or minor head of account etc is progressing fairly and excess of expenditure of AA and sanctioned allotment have been reflected in OIS by AAO GE.

**Q.4.** (a) What is a Star Rate and who is competent to fix the Star Rates?

**(5 Marks)**

- (b) What do you understand by 'SSR' and how is it different from 'pro-rata rates'?
- (4 Marks)**

**Ans:** (a) When a rate for any item of work has not been provided in the contract nor the rate is deductible pro-rata from the contract rates, an officer empowered to accept a contract can fix any rates for such items in that contract. Such rates are known as 'Star Rates'.

A CWE is authorized to fix, before expiry of the period covered by the contract, all star rates relating to any contract whether accepted by him or any higher authority. A GE is similarly authorized to fix any star rates relating to a contract accepted by an higher authority provided that such rate does not involve the payment more than Rs.5,000/-.

- (b) A Standard Schedule of Rates (SSR) shows the rates and specification according to which each kind of work is commonly executed. It also shows the rates for supply of materials and wages for labour upon which the rates for different items are based. SSR is used for the purpose of preparing estimates and is maintained for each command or specified area under the orders of E-in-C.

If the rates for any items do not exist in the SSR, they may be deducted, if possible from other rates in the SSR. Such rates are termed pro-rata or proportional rates and are termed as scheduled rates.

**Q.5.** Write brief notes on the following:

- (a) Administrative Approval **(3 Marks)**
- (b) Measurement Book **(3 Marks)**
- (c) Standing Security Deposit **(3 Marks)**

**Ans:** (a) After the acceptance of necessity for a work, an approximate estimate is prepared and submitted to CFA. Administrative approval is accorded by CFA to the execution of services at the cost shown in the AEs. Admn. Approval are conveyed through a letter specifying whether the work is authorized or special and source from which funds will be provided.

- (b) The measurement book provide a complete record of works performed under a contract and therefore includes all items having a financial bearing so that full support is given to the amount of the final sum due to the contractor. It is the basic of all the accounts of measured work and of materials received which have to be measured or counted.

- (c) All approved contractors are required to execute a Standing Security Bond and and Standing Security Deposit as per the class in which they are registered. Such contractors are not required to deposit earnest money and security for individual

works. The Standing Security Deposits are normally in the form of fixed deposit receipts from the banks. These are forwarded to CDA by the registering authority and are released either in removal of this name from the approved list or on charge of category and subject to no dues certificate.

**Q.6.** Write Short Notes on:

- (a) Muster Rolls **(3 Marks)**
- (b) Revenue Ledger **(3 Marks)**
- (c) Transfer between MES Officers **(3 Marks)**

**Ans:** (a) The Muster Roll as its name denotes is a nominal roll or list of labourers employed on daily basis on works. Thus the record of the casual industrial persons paid at daily rates/wages is entered on a Muster Roll (IAFW-2255). A record of all muster rolls sanctioned in a division will be closed weekly, every ten days or monthly as may be ordered by the GE and be submitted to AAO GE/GE for audit check and authorization of payment out of cash assignment.

(b) Revenue Ledger contains a record of revenue due and recovered in respect of each building or quarter and also from other sources. Revenue ledgers are maintained by AAO BSO who will ensure that all hired, leased and requisitioned buildings for which rent is paid by the MES are brought on the Revenue Ledger. Revenue Ledgers are to be submitted monthly to the BSO who will initial them in token of his scrutiny.

(c) One of the sources through which an engineering authority obtains stores for a work is through internal transfers in the MES. Such internal transfer can happen between Commands, Districts and Divisions and also within a division Transfer between MES Officers (TBO) head is used in case of transfer of charges or receipts from one MES formation to another within the same Defence Accounts Audit Area. The TBO head must close with a 'nil' balance every financial year as any outstanding under this head would imply that expenditure to that extent has not been reflected in the account for that year.

To monitor bookings and clearance under TBO head, 'E' section of M.O. received statements showing details of amount compiled to TBO alongwith PM from AAO GE. The transactions booked by both the divisions are linked in the statements and those which are in adjustment of the previous months are linked in the progress register maintained in the section and unlinked items are also noted in this register which are dispatched to AAO GE concerned every month. The unlinked items are required to be pursued vigorously so as to avoid accumulation of arrears at the close of financial year.

## **SECTION II**

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

- Q.1.** (a) What are the main objects of inspection of the Public funds accounts by LAO? What kind of irregularities are to be brought to the notice of PCDA/CDA by LAO through a special report?  
**(4 Marks)**
- (b) The Cash book of a unit inspected by an LAO shows remittance of Rs.10,000 to the treasury. How does LAO satisfy himself that the above has actually been deposited?  
**(2 Marks)**
- (c) What is the scope of verification of cheque slips into cash book and how the discrepancies noticed during the verification of cheque slips are to be reconciled?  
**(2 Marks)**

**Ans:** (a) The main objects are to ensure that all the prescribed accounts and documents have been maintained and these have also been maintained in accordance with regulations and orders. LAO also sees that all the transactions between individuals and the funds and other accounts can be easily traced and all moneys relating to public funds are properly accounted for and expanded in accordance with rules/regulations.

LAO should bring immediately following cases to the notice of PCDA/CDA in which accounts have not been maintained or missing or which have not been produced. The cash accounts if at all maintained are in unsatisfactory state and there is a serious departure from the prescribed procedure. If a procedure is different from what is prescribed in rules/regulations, shall also be brought to the notice of PCDA/CDA.

- (b) LAO will verify the remittance of Rs.10,000/- with reference to triplicate copy of unit's forwarding memo of MRO received at his end direct from PCDA/CDA in acknowledgement of bank treasury receipt. In case of non-receipt of triplicate copy of units forwarding memo from PCDA/CDA, the LAO will verify remittance with reference to unit's copy of acknowledgement received from PCDA/CDA.
- (c) The cheque slips for one month selected for detailed check will be verified into cash book from the cheque slips (and not vice versa) at the time of selection. The cheque slips shall be those which have been received in the office of LAO. Any discrepancy between the amount shown in Cash book and those in the cheque slips will be referred to PCDA/CDA (D Section) for reconciliation.
- Q.2.** (a) What is the purpose of an 'Issue Voucher'? How many copies of issue voucher are prepared by the supply and store depots? What is the significance of 'D' and 'E'?



copies of issue voucher?

**(5 Marks)**

- (b) What is a 'Skeleton List'? What kind of documents are forwarded under this list by issuing Depot to the LAO/ALAO? What is the periodicity of sending these lists by Ordnance and Store Depots and the Supply Depots to the LAO/ALAO?

**(3 Marks)**

- Ans:** (a) When stores are transferred from one depot to another depot or to an unit, these are done through a document known as "Issue voucher" which is prepared on a prescribed format.

Issue voucher is generally prepared in five copies. These are referred to as 'A' copy, 'B' copy, 'C' copy, 'D' copy and the 'E' copy (in ordnance depot, these are referred to as No.1,2,3,4 and 5 copies).

The 'D' & 'E' copies of issue vouchers are sent by Consignor Depot to its LAO, who pairs the two, retain the 'D' copy and passes on the 'E' copy to the Consignee's LAO.

- (b) The 'Skeleton List' means the list under which the vouchers are forwarded by the issuing depot to their LAO.

Issuing depot will forward two copies of transfer vouchers on account of store transferred to another depot and units etc. and one copy each of issue vouchers and the receipt vouchers pertaining to internal transactions (final issue, final receipt).

Skeleton list is sent monthly on first working day of each month in the case of ordnance and store depots and by decade on the third day after close of the decade in case of a supply depot.

**Q.3.** Write short notes on the following local audit activities:

- (i) Programme of Local Audit **(2 Marks)**
- (ii) Local Audit Completion Report **(2 Marks)**
- (iii) MFAI Report **(2 Marks)**
- (iv) Financial Advice Report **(2 Marks)**

- Ans:** (i) A quarterly programme of local audit, etc for each station or group in his area is drawn out by LAO. It will be submitted to PCDA/CDA for approval by the 20<sup>th</sup> of the second month of the preceding quarter. The standard time in mandays as approved and notified by CGDA from time to time for each class of unit represents the average period required for local audit of account of that unit and should be adhered to by LAO. A separate programme for review of store accounts and inspection cash accounts by LAO will be prepared and submitted to PCDA/CDA.

- (ii) LAO will submit monthly a completion report of local audit to PCDA/CDA showing the names of the units which have been locally audited, the date of commencement and conclusion of local audit, the month's account locally audited and the date of dispatch of the objection statement and the cases of MFAI where local audit is in progress and has not been concluded during the period of report, the status of the same as 'in progress' will be shown.
- (iii) LAO will prepare and submit a quarterly report to PCDA/CDA on Major financial and accounting irregularities dealing with the matters relating to units and formations located in his audit area in the manner as laid down in para 523 of the Defence Audit Code Vol.II and the guidelines, instructions as issued by CGDA and/or the Controller from time to time.
- (iv) A record of items of financial advice and higher audit as rendered by LAO during his review programme/inspection to the Os.C. units and administrative authorities and the results thereof will be kept by the LAO in a register to be maintained for the purpose. A report in respect of items so included will be sent to PCDA/CDA(FA Section) quarterly, who will compile and submit the same to the CGDA quarterly.

- Q.4.** (a) What do you understand about recovery of Hospital Stoppages and what is the role of PCDA/CDA in regard to recovery and adjustment of Hospital Stoppages?  
(4 Marks)
- (b) What are the accounting instructions on the recovery of Dental charges? How do LAOs ensure that the recovery in all such cases have been effected?  
(2 Marks)

**Ans:** (a) Hospital Stoppages are prepared for recovery of certain amounts recoverable for admission in service hospitals in r/o cases for serving personnel of Armed forces when they are treated for sickness to be due to their own fault, Civilians who are not entitled to free hospital treatment and other non-entitled persons. Hospital Stoppage rolls (IAFA-55) in case of serving personnel of Armed forces will be prepared by the O.C. hospital and forwarded to PCDA/CDA/PAO concerned for effecting recoveries and their acknowledgements obtained and recorded. In regard to category of persons in r/o whom the debits are to be raised against other departments/Governments, the requisite particulars will be furnished to PCDA/CDA concerned for necessary action.

In case of civilians and other non entitled persons, the hospital stoppage will be recovered from them in cash and the amount deposited to govt. without delay.

- (b) Where Denture work is undertaken by Military Denture Centres, under conditions that involve penal recoveries/deductions or on repayments, the dental officer will prepare issue, receipt and expense voucher in duplicate. This will be signed by the person concerned and then forwarded to PCDA/CDA concerned. The latter will

note the demand and return one copy to Military Dental Centre with endorsement "Demand noted for recovery". This copy shall be inspected by LAO during his review of audit programme of MDC.

In case of non-entitled persons, a register shall be maintained by MDC. A dental officer will give receipts for the amounts charged from the non-entitled persons and counterfoil of such receipts will be produced in audit alongwith the register mentioned above. The amounts due to government shall be accounted for in the public fund cash book by the OsC MDC/DUs.

**Q.5.** (a) What are the different kinds of losses of stores? Please state as to which type of losses require mandatory investigation by a court of inquiry and how are such losses regularized?

**(4 Marks)**

(b) State as to who is responsible for pricing of following loss statements:

(i) Loss statements chargeable to the state

**(1 Mark)**

(ii) Loss statements for losses in respect of which penal recoveries from individuals are involved.

**(1 Mark)**

(iii) Loss statements in respect of ordnance stores where units are not able to price them.

**(1 Mark)**

(iv) Loss statements initiated in respect of NIV items of ordnance and MT stores.

**(1 Mark)**

**Ans:** (a) Losses of stores may arise due to various factors. These may be due to theft, fraud and neglect and without these factors also. There are losses due to other causes viz fire, deficiencies in actual balances, deterioration and defective storage. Losses may arise in transit between depot and consuming units, between one depot and another manufacturing units to depots, and casualties in the case of animals.

Losses may also occur due to rain/storm/flood etc. Losses may be loss of stores or even of cash.

A court of inquiry is mandatory in the following cases:

(a) All losses which require the sanction of Govt. of India to write off.

(b) Loss due to inaccuracies in previous stock taking

(c) Losses of Arms, Ammunition and explosives

(d) Losses due to theft, fraud, neglect in case reported loss is not more than Rs.10,000/-

(e) Losses due to unusual occurrence.

After a court of inquiry, the causes of losses and the responsibility aspect, if such element is involved, are determined. The proceeding for regularization of loss through a loss statement are initiated without delay which is routed through PCDA/CDA for regularization by competent financial authority.

- (b) (i) The responsibility for pricing loss statements chargeable to the state, generally devolve on the party who initiates the loss statements, i.e. the depot/unit authorities.
- (ii) There will be priced by PsCDA/CsDA/LAOs..
- (iii) Where these can not be priced even with the existence of audit authorities, they will approach only those ordnance depots which are centrally responsible for the items in question.
- (iv) These will be priced by the ordnance depot on which the unit is dependent. Such loss statements will be forwarded by the units to the depots though PCDA/CDA concerned.

- Q.6.** (a) What kind of payment issue transaction vouchers are priced by the unit/depot authorities themselves? **(4 Marks)**
- (b) How are the rates of articles purchased locally for free issues and payment issues fixed in respect of ASC stores? **(4 Marks)**

- Ans:** (a) The vouchers relating to following payment issue transactions are priced by units/depot authorities themselves.
- (i) Payment Issue of ASC Stores to entitled persons from retail issue shops, unit ration stands etc.
- (ii) Payment issue of AOC stores to officers.
- (iii) Issue of clothing and necessaries to JCO's OR, NC(E) on payment.
- (iv) Payment work orders in RSSD workshops.
- (v) Losses of clothing & equipments chargeable to JCO, OR & NC(E).
- (vi) Issue of ASC Stores issued from supply depot to various services viz. IAF, Indian, Navy & MES.
- (vii) Vouchers in respect of Farm Produce.
- (b) Free issue rates are published annually by PCDA/CDA based on running contracts, if contracts do not exist, with reference to the average of the last purchase rates prevailing in the area/command concerned. Departmental charges are not levied/taken into consideration while calculating the free issue rates. Rates once fixed will not be changed during the course of year.

For the payment issues, the recovery rates are worked out annually for each station by PCDA/CDA on the basis of running contract rates and are published annually in area or independent sub area orders. The rates are revised in case, there is a change in running contract rates. The revised rates take effect from the 1<sup>st</sup> of month following in which they are notified.

**Q.7.** (a) What specific documents are required before opening the ledger account of newly commissioned officers? What is the importance of CDA(O) account number and how is it allocated?

**(5 Marks)**

(b) What are the specific functions of the Archives section of CDA(O)?

**(3 Marks)**

**Ans:** (a) In the case of newly commissioned officers following documents will be seen before opening of Ledger account.

- (a) Govt. sanction for grant of commission.
- (b) Commission order issued by the appointing authority.
- (c) Part II order showing officer's actual reporting for duty
- (d) Form 'A' – a document giving full particulars of the officer, signed by the officer and counter signed by C.O
- (e) Last pay certificate from the previous audit/paying authorities when officers came from their payment into payment of the CDA(O).

The CDA(O) Account no. is allocated by the office of CDA(O) on opening of new pay account of the officer. The account number is the pivotal point around which the work in the office of CDA(O) revolves. Each officer is identified by an account no. so allocated and facilitates Dak section to easily send the letters/correspondence from the officers to the proper section. Thereby quicker action is ensured on any reference to CDA(O).

This is allocated/allotted to each officer based on three compartments. First and second prefix denote the particular section and the task holders no. where his pay account is maintained. Last part of the account No. which is distinguished no. allotted to his pay account and will remain constant. The first and second prefix may however change according to the unit/formation/appointment held by him time to time.

(b) The Archives section of CDA(O) is to ensure final settlement of pay and provident fund Accounts of officers becoming non effective. The Archives section receives IRLAs of the officers who have retired/become non-effective from the ledger group and carries out the remaining activities relating to closing of these accounts. For this purpose, it receives correspondence, dispose them of and adjust arrears of pay and allowances if any, due for periods prior to becoming non effective, pays terminal gratuity if the claims received after transfer of accounts and issues final LPCs. The DSOPF Fund finalizes the fund account when officers become non-

effective. Archives section maintains a record room for retention of closed files/IRLAs upto a specified period.

**Q.8.** Write short notes on adjudication of the following:

- (a) Qualification Grant **(2 Marks)**
- (b) Specialist Allowance **(2 Marks)**
- (c) Technical Allowance **(2 Marks)**
- (d) Para Reserve Pay **(2 Marks)**

**Ans:** (a) Qualification grant is a lump sum grant payable to the officer on his acquiring of the qualification officers of the rank of the Lt. Col. and below who have completed 2 or more years of service are eligible for qualification grant in terms of Appx. 'A' & 'D' of DGMT, GS Branch AHQ letter dated 26.11.01 at the prescribed rates for different qualifications.

(b) Specialist Allowance is payable to officers of AMC/ADC who possess the necessary qualification and who in the opinion of the DGAFMS have sufficient experience and standing in any of the subjects recognized as special subjects for the specialization may be granted the status of a 'classified' or graded specialist. Different rates are payable for different types of specialists viz. Graded specialists Classified specialists and Consultants/Professors/Adviser.

(c) W.e.f. 1997, all technically qualified officers are entitled to technical allowance at the prescribed rates for tier I and II courses. This is admissible from the date of completion of prescribed technical training and are available for full deployment.

2. Technical allowance is admissible for maximum one courser for each tier.

3. Maximum amount of TA shall not exceed Rs.2500 pm.

4. It is admissible to technically qualified officers of Armed forces and AMC/ADC Corps officers are not included in the purview of TA.

(d) Officers posted as Parachute reservists to non-parachute units are entitled to Para Reserve Pay @ Rs.150/- pm from the date of posting as reservists until finally struck of the parachute reserve. Para reserve pay will be admissible to officers who are on the reserve of trained parachutists and who attend in each training year the parachute refresher courser including a minimum of two jumps.

**Q.9.** (a) What are the Part-II orders and what are the main preliminary audit checks exercised by PAO before dispatch of Part-II orders to EDP? **(4 Marks)**

(b) How does a PAO ensure that all Part-II orders have been received in PAO and no

Part-II is missing in respect of a unit?

**(2 Marks)**

(c) What is an 'ROG' Part-II order?

**(2 Marks)**

**Ans:** (a) Part-II orders are authorized notifications affecting an individual's service, pay and records. Part-II orders are published by units as well as by record offices concerned. Further, Part-II orders are broadly of two categories – one having financial effect and others are of non-financial nature such as marriage etc.

Part-II orders are received by the I.O. Group of the PAO from the record offices and following preliminary checks are exercised on them before dispatch to EDP.

- Segregation of part-II orders into actionable and non-actionable categories.
- Watch the continuity of serial numbers and call for missing part-II orders.
- See that Part-II orders have been published as per Appex. 'J'
- See that these are legible and signed by the competent authority.
- That necessary certificates etc. have been endorsed on Part-II orders.
- That rates/class of cities etc. are given correctly.
- 

Army No. is given with check digit.

(b) All part-II orders published by the units and Record office are assigned running serial numbers during the year. Sr. No. of Part-II orders received in PAO are entered into a Register for watching continuity. Separate pages are allotted to different units and in this manner continuity is watched and missing part-II orders are called for.

(c) These are Record Office General Part-II orders through which casualty to centrally controlled items such as promotion classification, good service pay etc. are published.

**Q.10.** What do you understand by ACR Master missing and what are the reasons for it and how are such cases rectified?

**(8 Marks)**

**Ans:** The soldiers of Indian Army are paid advances of pay on ACR (Acquittance Rolls) by the imprest holders. These ACRs are then sent to PAO auditing the cash A/c of the imprest holders. PAO segregates these ACRs according to PAOs which maintain the IRLA of the concerned soldier. ACRs of out PAO is sent to the PAO concerned and in-PAO ACRs are sent to EDP centre after preliminary audit checks. ACRs which can not be posted to IRLAs and therefore rejected by the computer are known as ACR master missing. The main reason for master missing are-

- Wrong/erroneous Army Nos. indicated on ACR as punched by EDP Centre.
- JC No. not yet allotted.
- Non-receipt of enrolment part-II orders and therefore IRLA for recruit is not available on computer.
- Non opening of IRLA on computer in respect of transfer-in cases or dropped cases.
- Non-effective IRLAs.
- Wrong scheduling of ACRs i.e. ACRs of manually maintained IRLA has been sent to EDP. After quarter closing, EDP Centre generates lists ACR Master missing cases – separately for NE items and for other items. The PAO will verify the NE items w.r.t final settlement IRLAs to see that ACRs in question have been debited or not. If debited, ACR MM will be deleted on computer. If not, action will be taken to effect recovery.

As regards effective cases, action will be taken to verify Army Nos. with respect of ACRs and correct the numbers if wrongly punched. If master missing is due to JC No. not yet allotted, action will be taken to call for JC Nos. Part-II orders from record officer. If IRLA has not been opened in r/o of a recruit, enrolment part-II orders will be called for and fed into computer and in other cases, action to open IRLA will be taken. The effective ACR List is recycled by EDP and these get cleared in accordance with action taken as above.

**Q.11.** (a) What is disability pension and how is it different from invalid pension? Who is the Competent Authority to sanction disability awards in respect of Civilian Govt. servants deputed for service in military capacity in Army.

**(5 Marks)**

(b) Who is the Competent Authority to decide whether the cause of disability is attributable to or aggravated by military service in respect of Army Officers? What is the duration of disability pension sanctioned in the first instance to an officer?

**(3 Marks)**

**Ans:** (a) Disability pension is granted to an Army officer on his/her invalidment from Military service on account of disability which is attributable to or aggravated by such service and where degree of disablement is assessed at 20% or over. However, if the degree of disability is less than 20%, the officer is paid invalid pension/gratuity.

The competent authority for sanction of disability awards in respect of civilian Govt. servants deputed for service in military capacity in Army will be

- Military authorities in the case of those personnel whose pay accounts are maintained by DAD.
- DG P&T or Railway Board in consultation with, if necessary, MoD in the case of personnel of P&T and Railways respectively.



- (b) The decision whether the cause of disability is attributable to/or aggravated by service in the Defence services will rest with Govt. of India/MoD.

If the disability is accepted as attributable to/or aggravated by Military service and is certified on the basis of all invalidating or resurvey Medical Board to be incapable of improvement, disability pension will be sanctioned for a period of 10 yrs. In the first instance.

- Q.12.** (a) What is meant by commutation of pension? Can disability pension sanctioned to a PBOR be commuted?

**(4 Marks)**

- (b) Is a PBOR entitled to apply for commutation if he is already in receipt of pension? How will the application of commutation be made in such case?

**(2 Marks)**

- (c) A retired Naik had refused to accept commutation on the basis of addition of years to his actual age. He has again applied for commutation. Will the pensioner have to go before Medical Board in this case?

**(2 Marks)**

- Ans:** (a) When a pensioner is allowed to commute a portion of his pension, it is meant that he allowed to forgo the title to receive the commuted portion of pension, and to acquire the title to receive the capitalized value thereof subject to the observance of rules laid down in pension regulations.

Disability pension sanctioned to a PBOR can be commuted as under –

- With reference to entire disability pension

- If in receipt of paramount disability pension sanctioned under the orders promulgated on 18.3.61 or from a date prior to 28.7.48 or on account of loss of limbs, total loss of sight etc. even under orders in force prior to 18.3.61.

- With reference to special pension, if any if the individual is in receipt of a temporary disability pension and date of invalidment is prior to 1.2.68.

- With reference to service element, if the individual is in receipt of temporary disability pension and was in validated out of service on or after 1.3.68.

- (b) A PBOR can apply for commutation even if he is already in receipt of a pension. In such cases the application for commutation will be made to PCDA(P) Allahabad through pension disbursing officer who will also complete the portion 'B' in Part-I of Form 'A'.

- (c) When a pensioner has once been refused commutation on medical grounds or after he has once declined to accept commutation on the basis of an addition of years to his actual age and if he applies again for commutation, he has to be medically examined by a Medical Board. Therefore, the retired Naik will be examined by a medical board to decide about the commutation.

### **SECTION III (Factories Portion)**

**Q.1.** Give appropriate definitions of any FOUR of the following: **(Each 2 Marks)**

- (a) Datum Load
- (b) Disbursement Certificate
- (c) Ordering Level
- (d) Process Cost
- (e) Block Register

**Ans:** (a) Datum Load is the load that would be imposed on the factories if they were producing 45% (40% in the case of cordite factory) of each of the items of production comprising the full 'War Load' when working normal hours, i.e. a single daily shift of about 8 hrs.

**(Authority: Definition of Page XIV of OM Part-VI, Vol.I)**

(b) Disbursement Certificate is the document wherein the total amount of advance paid, amount disbursed to the IEs, the balance refunded to the treasury and recoveries made from the IEs on account of rent, fines, etc are noted.

**(Authority: Sl.No.10 of Appdx 'B', FAR)**

(c) Ordering Level is the stock level at which provision action for replenishment should be taken so that taking into account the source of supply, transit time, etc., the stock is recouped and is available for use when required.

**(Authority: Sl.No.27 of Appdx 'B', FAR)**

(d) Process Cost is the cost of product at each process, operation or stage of manufacture where the product of one process becomes the material of another process or operation.

**(Authority: Definitions on Page xiv of OM Part-VI, Vol.I)**

(e) Block Register is the register maintained by the Accounts Office in which all capital assets such as buildings, plant and machinery, installations, etc., are recorded.

**(Authority: Sl.No.3 of Appdx 'B', FAR)**

**Q.2.** (a) What are the benefits of following cost accounting in Ordnance Factories? **(4 Marks)**

- (b) Name the classes into which the IEs in Ordnance/Ordnance Equipment Factories are classified.

**(4 Marks)**

**Ans:** (a) Cost accounting facilitates:-

- (i) The ascertainment of the cost of each product manufactured.
- (ii) Location of products which earn profits as well as other products and their contribution to the fixed expenses.
- (iii) Identification of areas where economy is possible and
- (iv) Close control on inventory by selective analysis.

Cost accounting presupposes the existence of proper link among cost centres, budget centres and responsibility centres.

**(Authority: Para 17 of OM Part-VI, Vol.I)**

- (b) The IEs in Ordnance/Ord. Eqpt. Factories are classified as:-

- Unskilled
- Semiskilled
- Skilled
- Highly Skilled-I/Highly skilled
- Highly Skilled-II/Master Craftsman

**(Authority: Para 119 of OM Part-VI, Vol.I)**

**Q.3.** (a) Indicate the distinct advantages in adopting costing by warrants (job costing).

**(4 Marks)**

- (b) What is the total normal working hours in a week fixed in the Ordnance and Clothing Factories?

**(2 Marks)**

- (c) What is meant by 'Saturday Bonus'?

**(2 Marks)**

**Ans:** (a) The system of costing by warrants (Job costing) has the following distinct advantages:-

- (i) Orders are placed on the shops in the form of manufacture and material warrant for convenient batch or quantity which can be completed in three months.
- (ii) Warrant along with standard estimate forms the main instrument for control over utilization of labour and material on an individual job or batch. This also forms the basis for compilation of cost.
- (iii) Warrant is the authority for utilization of labour and drawal of material.
- (iv) Expenditure incurred under the elements of cost, viz. Labour, Material, Variable OH and Fixed OH are collected warrant-wise.

- (v) After the closure of warrant, the actual cost is compared with the estimated cost under different elements of cost.
- (vi) Comparison between the cost of production on warrants for the same items, during different periods, enables location of variances and the causes. Necessary remedial measures can be taken. Timely closure of warrants, timely rendition of all primary documents, timely receipt of cost tabulations and prompt action by costing section ensure speedy cost ascertainment.

**(Authority: Para 57 of OM Part-VI, Vol.I)**

- (b) The total normal working hours in a week in the ordnance and clothing factories have been fixed at 44¾ hours excluding intervals for recess.

**(Authority: Para 120 of OM Part-VI, Vol.I)**

- (c) Deduction for absence during part of a day including Saturdays, in the case of IEs governed by payment of Wages Act, 1936, shall be calculated at the rate of 1/32 of a normal day's pay, for each quarter hour's absence from the normal period of that day. Deductions for absence or that day. Deductions for absence or a whole Saturday shall be calculated as above. But if an IE is absent for not less than six consecutive working days, including a Saturday, the deduction for absence on that Saturday shall be a whole day's pay. The extra hours, i.e. 13/32 hours is called 'Saturday Bonus'.

The effect of the grant of Saturday bonus is to increase the period of normal attendance by 3¼ hours per work.

**(Authority: Para 125 of OM Part-VI, Vol.I)**

- Q.4.** (a) Briefly describe the check of attendance exercised by the Accounts Office on receipt of Muster Rolls from the Gate Office/Labour Bureau.

**(5 Marks)**

- (b) What do you understand by 'Guarantee Pay'?

**(3 Marks)**

- Ans:** (a) On receipt of the muster rolls from the Gate office (or the Labour Bureau), the entries for the day will be checked with reference to presentee statement or casualty memos received from the shop and the late memos received from the gate office (or Labour Bureau). The previous day's attendance will be checked with reference to leave passes, overtime memo, etc. Any discrepancy noticed will be reported to the gate office (or Labour Bureau) through discrepancy reports and alterations in the muster rolls will be made and attested by that authority. It will also be verified by the Accounts Office that the total attendance shown in the muster rolls by the gate office (or the LB) for the days and the previous day are correct.

The A/cs office will also verify the correctness of the progressive total of the weekly attendance of each worker as shown by gate office (or LB) in the Muster Roll. The hours of OT worked under Departmental Rules and Factories Act will

also be noted. Night Duty Allowance and Night Shift Bonus are also to be noted.

After close of the month, the A/cs office will check the total no. of days' attendance by each worker. The total no. of days worked by the workmen for the whole section will be agreed with the total for the month of the daily attendance as noted in the records maintenance by the Accounts office.

**(Authority: Para 136 of OM Part-VI, Vol.I)**

- (b) Guarantee Pay is admissible to IEs of unskilled, semi-skilled and skilled grade when their piece work earnings during the period of their duty falls below the actual basic time wages applicable for that period. If however, it is found that a piece worker consistently stands in need of the guarantee minimum, the reasons for the same shall be investigated and if the need arose due to his inefficiency, necessary action should be considered by the competent authority.

**(Authority: Para 154 of OM Part-VI, Vol.I)**

**Q.5.** Write short notes on any **Two:** **(Each 4 Marks)**

- (a) Incentive Bonus
- (b) Idle Time
- (c) Night Shift Bonus

**Ans:** (a) Incentive Bonus to the maintenance workers of the Ord. & Ord. Eqpt. Fys. will be paid at the rates and subject to the conditions enumerated below:-

- (i) to be paid to all maintenance workers other than unskilled workers employed on maintenance work within the factory premises.
- (ii) Workers attached to production sections will be paid bonus @ 50% of piece work profit earned by the piece workers of the relevant production sections. Workers not attached to production sections will be paid incentive bonus @ 50% of the average piece work profit earned by the piece workers in the whole factory.
- (iii) Maintenance workers in production section where piece work does not exist are also eligible for incentive bonus @ 50% of average piece work profits of the factory as a whole.

Certain specified categories of workers other than unskilled workers who are partly employed on maintenance work will also be entitled to payment of incentive bonus @ 50% of the average piece work profit earned by the piece workers in the whole factory.

**(Authority: Para 155 of OM Part-VI, Vol.I)**

- (b) Idle Time payment may be made under certain specified conditions to the workmen temporarily rendered surplus for specified reasons such as plants,

furnace and tpt. Breakdowns, inspection and repair, temporary shortage of material, failure of power supply, unfavourable weather conditions hindering specialized work and who cannot be provided with suitable alternative employment in the normal manner. Such idle time may be ordered by the GM for the first 6 working days in respect of any workman. After that time, the arrangement will, if necessary, be continued under the authority of the O.F.B.

**(Authority: Para 160 of OM Part-VI, Vol.I)**

- (c) The piece workers who perform OT under the Department Rules in the night shift will be paid an extra half hour pay termed as 'Night Shift Bonus' calculated at the hourly rate of 1/200 of the monthly basic pay plus DA, Spl. Pay, Personal pay, Pension (in respect of re-employed pensioners) and CCA for every hour of systematic OT under Departmental Rules worked on the Night Shift in addition to their piece work earnings. This element is not admissible to day workers.

**(Authority: Para 196 of OM Part-VI, Vol.I)**

- Q.6.** (a) Explain briefly how Scale Audit is carried out by the Accounts Office. **(4 Marks)**
- (b) What are the objectives achieved under proper system of Material Control? **(4 Marks)**

**Ans:** (a) The overall strength of IEs in each Factory for each grade of labour for each trade will be fixed by the OFB and intimated to the branch AO accordingly. Any increase/ decrease in the strength as approved by him from time to time shall also be intimated to them. The A/cs office will check the actual strength with the sanctioned strength on receipt of factory orders intimating promotions, reversions, transfers to different trade/grade, etc. and bring to the notice of the management any variation noticed by them for regularization. A register will be maintained in the prescribed proforma for this purpose. The objective is to ensure that the authorized strength for each trade/grade is not exceeded as a result of promotion/transfer from other Factories and Establishments.

**(Authority: Para 256 of OM Part-VI, Vol.I)**

- (b) The objectives to be achieved under proper system of material control are:-
- (i) the provision of the required quantity of the right material at the right and right place.
  - (ii) Minimum amount of capital should be booked in working stock.
  - (iii) Comparing actual utilization of material with estimates for ensuring corrective action.
  - (iv) Purchase of material of the right quality and right quantity at favourable prices
  - (v) Prompt action for utilization/disposal of scrap and other stores considered and surplus.

**(Authority: Para 329 of OM Part-VI, Vol.I)**

**Q.7.** (a) Explain clearly the distinction between Fixed and Variable Overheads. **(4 Marks)**

(b) What do you understand by 'War Insurance Charges'? **(4 Marks)**

**Ans.** (a) The overheads incurred in the Factory are broadly classified into 'variable' and 'fixed' according to the nature of the expenses.

Variable OHs are expenses which generally vary in sympathy with the load on the factories, i.e. they increase or decrease with every increase or decrease in load, though not in direct proportion. Fixed OHs are items of expenditure which by their vary nature do not depend on the volume of manufacture, i.e load, but generally remain constant irrespective of the load involved.

The variable OHs comprise of items of expenditure which relate to repairs maintenance, running and depreciation of machinery, generally shop labour, various allowances and incentives paid to IEs supply and maintenance of services such as power, steam, gas etc, supervisory charges etc. All such expenses are booked against '02' series of work order.

Fixed OHs comprise of items of expenditure relating to the pay and allowances of staff and officers of the factory other than those treated as variable, cost of various training schemes, repairs and maintenance of buildings, roads, railway sidings and electrical installations, depreciation of buildings and assets other than machinery, pay and allowances of AO etc. Fixed OHs are booked to '01' series of work order.

**(Authority: Paras 527-530 of OM Part-VI, Vol.I)**

(b) The Ordnance Factories are normally designed, equipped and staffed in such a way as to enable them to rapidly expand in war time to produce an output enormously greater than normally required. War requirement or installed capacity is generally computed as the maximum capacity of the plant on the basis of 2 shifts of 10 hours each per day for 25 days per month in the case of batch operation plants and three shifts of 8 hours each per day for 22 days per month in respect of continuous process plants. This is the peak load of a factory. The normal capacity of a factory is based on Datum load. Datum load is 45%/40% each of the items of production at peak load for general engineering/process factories. Thus, under the normal circumstances, the fixed OHs incurred will be for the war requirement whereas the capacity utilized will not be so.

Before the commencement of the accounting year, the surplus of all the elements of FOHs which are being maintained at war requirement and which are over and above what will be required for the year's production programme should be identified with ref. to the installed capacity and the cost of these assessed separately when the actual load is poor, although the fixed charges are expected to remain the same, only a lower percentage would be recovered. The cost of the



balance percentage should be treated as War Insurance charges and deducted from the estimated FOH charges of the factory for the year.

(Authority: Para 531-533 of OM Part-VI, Vol.I)

**Q.8.** Write suitable notes on: (Each 4 Marks)

- (a) Standard Estimates
- (b) Stock Pile Stores

**Ans.** (a) Standard Estimates or rate forms of labour and material are maintained for all the important standard items of manufacture in each factory. These are prepared after proper time to motion studies and with due allowance for wastage and rejection, affording credit for any std. recoveries, etc. The rejection percentage is indicated as 'minimum' and 'maximum' percentage. On receipt of these estimates in the A.O for pricing and post audit, the 'Labour' Section will verify the labour operations and rates with reference to original sheets of piece work rates and levy D.A. at constant DA percentage of the section. Similarly, the Material Section will verify the material portion and price the materials with the latest monthly average rate or with estimates or appx. Rates. Finally, costing Section will levy VOH and FOH at the annual budgeted rate. A summary will be exhibited on the front page and the estimates duly priced and audited will be returned to the Factory, one copy being retained in the A.O.

(Authority: Para 601 of OM Part-VI, Vol.II)

- (b) Stock Pile Stores are strategic items of stores which are very difficult to procure. Reserve of such stores is built up separately in order to meet the demand of production in case of failure of supplies. Such purchases are made from the capital grant of the factory. Separate Ledger and Bin Cards are maintained. Accounting is done through 'R' series of vouchers.

(Authority: Para 337, 514-515 of OM Part-VI, Vol.I)

**Q.9.** (a) Why is it necessary for the Accounts Officer to visit the Production Shops/Sections of the Factory? (4 Marks)

- (b) Explain briefly how pricing is done in respect of issues from production to own Factory Stock. (4 Marks)

**Ans:** (a) As a local Fin. Adviser to the GM and Cost-cum-management Accountant of the factory, the A.O is expected to have first hand knowledge of the performance in the imp. Production shops/Sections. He should make himself familiar with the prices of manufacture, machine utilization, bottlenecks in production, if any, etc.

The visits to the shop floor are all the more necessary for the following reasons:-

- (a) The AO is frequently required to comment on the comparative cost of

manufacture between one factory and another and between factory cost and Trade price.

(b) The veracity of the estimates can also be examined by an on-the-spot study of the actual utilization of labour/material.

(c) It will be possible for the AO to ascertain the accumulation of work-in-progress and the reasons therefore. He can render suitable advice for speedy completion of warrants and early liquidation of the work-in-progress. He can also examine on the spot why certain warrants are outstanding in the semi stage and if it is due to shortage of materias/components.

(d) Irregular flow of documents and belated documentation are some of the inherent problems in the factory. The AO may be able to persuade the management at the shop level to prepare the document in time and send them in an even flow.

(e) AOs visit to the shop will also help him to know the trend of production and with reference to that he can scrutinized how far the production programme assessed for a quarter in respect of a particular shop is realistic and can be achieved with available facilities.

**(Authority: Para 656 of OM Part-VI, Vol.II)**

- (b) The issue to own factory stock is valued at actual cost of production as shown in the cost cards. In cases where the completed costs are not available in time, the vouchers will be provisionally priced at estimated rates noted in the cost cards and adjusted subsequently with reference to actual cost.

**(Authority: Para 670.3 of OM Part-VI, Vol.II)**

- Q.10.** (a) Which are the main heads under which Capital Assets in a Factory are classified? **(3 Marks)**
- (b) What are the general rules to be followed for replacement of Plant and Machinery? **(3 Marks)**
- (c) What are the main stages in a works project undertaken in a Factory? **(2 Marks)**

**Ans** (a) Capital Assets in a factory are classified under three main heads:-

- (i) Buildings
- (ii) Machinery and
- (iii) Other items

Buildings can be:-

- (a) Industrial
- (b) Non-industrial and
- (c) Residential

Machinery includes steam launch, Barges, locomotives, railway wagon,

station wagons, motor lorries, weighing machines, serving machines, furnaces etc.

Other items are water or gas lines openly visible lines, filter units, incinerators, railway lines and railway sidings, tubewells, land, roads, drains, electrical installations, leveling site, jetties, steal furniture and fittings, etc.

**(Authority: Para 731 of OM Part-VI, Vol.II)**

(b) The general rules for replacement of plant and machinery are:-

- (iv) Replacement will be on completion of expected life of the machine.
- (v) Replacement will be on 'like to like' basis taking into consideration improvements in design and production techniques.

**(Authority: Para 737(iv) of OM Part-VI, Vol.II)**

(c) The main stages in a works project are:-

- (a) Acceptance of necessity
- (b) Administrative approval
- (c) Appropriation of funds
- (d) Technical sanction

**Q.11.** (a) Indicate the various Accounts and Statements exhibited in the printed Annual Accounts.

**(4 Marks)**

(b) What important aspects are dealt with in the Review Chapter of printed Annual Accounts?

**(4 Marks)**

**Ans.** (a) Apart from the Review chapter which contains a brief of all the important aspects connected with the Production activities and graphical charts, the printed Annual Accounts exhibits Production Account, Finished Stock Account, Statements of Assets and Liabilities, Store Account and Capital Account.

**(Authority: Para 846 of OM Part-VI, Vol.II)**

(b) The Review chapter deals with all the important aspects of performance of the factory during the year.

Other aspects such as Establishment, Financial Budget, Performance, Level of inventories, Civil trade, new Factories/Projects and other Miscellaneous Details are also covered.

**(Authority: Para 860 of OM Part-VI, Vol.II)**

**Q.12.** Write suitable notes on any **Two**:

(a) Priced Store Ledger

**(4 Marks)**

(b) Priced Store Account

**(4 Marks)**

- (c) Items kept out of Production Accounts (4 Marks)

**Ans:** (a) The price store-cum-provision ledgers are maintained in the Ledger Group of the Material Section of the Accounts Office. A ledger folio is opened for each item of stores and the Ledger sheet will bear the initials of the SO(A) of the M Section and head of provision section in order to prevent substitution. The postings of 'dues' and 'liabilities' will be carried out by the staff of 'Provision Section'. Posting of the quantity and values for actual 'Receipts', 'Issues', and 'Balances' will be done by Accounts staff specifically trained for the purpose. The work connected with the PSL is very important and the responsibilities of the staff, SOs and AO are clearly laid down.

**(Authority: Para 416-417 of OM Part-VI, Vol.I)**

- (b) A Price Store Account detailing the receipt and issue transactions from stock in each month will be prepared by the Material Section and submitted to the costing section by the 15<sup>th</sup> of the month following for the purpose of posting in the Principal Ledger.

The A/cs office is required to watch the recovery and adjustment of the cost of stores issued from stock on payment and issued to Depts. other than Defence, as also to Air Force, Navy, MES, DRDO are effected promptly. In the case of Book Adjustments, necessary debits will be raised against the consignee's AO on receipt of the receipted copies of vouchers from the consignee. For payment issues, recovery memos to CsDA will be issued. Cost Accounting will be made in the Principal Ledger as and when the amount appears in the cash compilation.

The Profit or Loss on sale of surplus, obsolete scrap and waste stores will be determined taking into account the condition of stores and its book value and the sale price recoverable. The profit and loss so arrived at will be accounted for in the PSA to facilitate entry in Principal Ledger.

A watch should also be kept over loss exhibited in the PSA but awaiting sanction of the Competent Financial Authority.

**(Authority: Para 418 of OM Part-VI, Vol. I)**

- (c) There are certain items of expenses like abnormal profit or loss on sale of stores, arrears, depreciation, care and custody of stores surplus to requirement which do not relate to the normal production activities. Inclusion of the items in the OHs will vitiate cost comparison. Hence, these are not treated as leviable OHs and the expenditure is shown as deduction from the total expenses. While there are instructions for keeping items out of production, other expenses like heavy arrear payments, abnormal losses etc. may have to be excluded from OHs. Such items can be kept out of production only after approval by OFB and PCA(Fys).

**(Authority: Para 111 of OM Part-VI, Vol.I)**

## **SECTION IV (Air Force Portion)**

**Q.1.** What is the difference between Self-Accounting and Non Self-Accounting Units?  
**(8 Marks)**

- Ans:**
- (i) Allocation of budget
  - (ii) Exercising the financial powers
  - (iii) Dependence of lower formations on self-accounting units for administrative support.

**Q.2.** Are the following in order:

- (a) Second lowest tender has been accepted. **(2 Marks)**
- (b) The repeat order has been issued after the currency of the contract. **(2 Marks)**
- (c) Option clause has been exercised at the time of placement of initial supply order. **(2 Marks)**
- (d) Stores have been inspected after the delivery period. **(2 Marks)**

- Ans:**
- (a) Acceptance of second lowest tender instead of lower tender is normally not in order but if the reason thereof has been accorded and found to be satisfactory in audit, then it can be termed to be in order.
  - (b) No, it is not in order.
  - (c) This is in order.
  - (d) This is not in order. Extension of DP is required before it is inspected.

**Q.3.** What do you understand by:

- (a) Pre issue inspection at equipment depot. **(3 Marks)**
- (b) Blacklisting of stores **(3 Marks)**
- (c) Red carding of stores **(2 Marks)**

- Ans:**
- (a) All items before issue will be subjected to pre-issue inspection by the concerned staff. The reverse of all issue vouchers and labels are to be signed by the logistic officer not below the rank of NCO/CSK bearing the certificate to the effect that the

equipment has been visually examined and found to be free of any external signs of damage/deterioration. Issue inspection has to be carried out by technically qualified QAS(Aero) Inspectors/ or NCOs when store's condition of store is doubtful or a substitute of the requisitioned item is issued.

- (b) Blacklisting is done of such stores which are considered to be unsafe or ineffective and whose use has been banned by the Air HQs. Generally stores which fail at proof test due to some defect inherent in the explosives and are certified unsafe for use after investigations by QAS(Aero), they are blacklisted. Blacklisting instructions are issued by Air HQs through amendment lists of Blacklist Register published from time to time. An entry of such stores are made on appropriate page of the Black List Register according to their particulars. Such items are physically segregated and transferred to sheds specified for them. Warning notices are displayed on them. They handled with special precautions. They are to be disposed off in accordance with the instructions given in the relevant black list or any other Air HQs instructions.
- (c) There are receipt vouchers which are signed by NCOs not below the rank of Sergeant of Logistic Section of civilian storekeeper of Equipment Section, duly authorized by the Commanding officer (in writing) on behalf of the Logistic Officer or Warrant Officer equipment. These are red copies signed by the receiving officer in an equipment depot of Air Force who receives the consignment.

**Q.4.** Write short notes on:

- (a) Letter of credit **(3 Marks)**
- (b) Loss statement **(3 Marks)**
- (c) Rotables **(2 Marks)**

**Ans:** (a) Payment to foreign suppliers are required to be made in non-convertible Indian Rupees (INR) at the official party rate of exchange prevailing on the date of payment. Such payments are made by opening a Letter of Credit. Letter of Credit is an authorization made to the RBI/SBI requesting the Bank to credit the amount to the account of the foreign supplier as per terms and conditions of the contract and to intimate the exact amount paid in rupees on that account. Letter of credit is established through RBI/SBI with the bankers of the foreign suppliers specified in the contract to cover the total value of goods under the contract. Letter of Credit is generally valid for a limited period from its date of opening and is available on presentation of the following documents and others specified in the contract:

- (i) Bill of Landing/Air Way bill – delivery protocol.
- (ii) Invoices
- (iii) Certificate of quality or seller's letter of guarantee.

- (b) Air Force equipment/store which has been lost or damaged (due to or not due to theft, fraud and neglect) requires formal write off sanction. For this a loss statement is required to be raised by the officer responsible for the custody of the particular equipment/store. The loss statement is priced by the Executive and pricing is checked by the LAO(AF), ACAO(AF). Audit report is obtained before the competent financial authority accords sanction to write off the loss. A copy of the sanctioned loss statement bearing dated signature of the Competent Financial Authorities (CFAs) is sent to the unit originating the loss statement for completion of Loss Statement Register and Production to audit.
- (c) These are items which, as the name tends to suggest, are capable of being repaired and reused. The term 'rotatable' denotes an item(s) which:
  - (i) have had or expected to show turnover at the unit as a result of normal usage;
  - (ii) considered economical to repair and for reuse, and
  - (iii) can be replaced by a unit and returned to repair agency for repair/overhaul.

**Q.5.** Expand the following Abbreviations:

- (a) ASEPSC **(1 Mark)**
- (b) AOG **(1 Mark)**
- (c) PHU **(1 Mark)**
- (d) MCM **(1 Mark)**
- (e) TBO **(1 Mark)**
- (f) ASR **(1 Mark)**
- (g) BPC **(1 Mark)**
- (h) PAC **(1 Mark)**

- Ans:**
- (a) Air Staff Equipment Policy Sub Committee
  - (b) Aircraft On Ground
  - (c) Production Hold Up
  - (d) Most Critical Maintenance
  - (e) Time Between Overhaul

- (f) Air Staff Requirement
- (g) Bulk Production Clearance
- (h) Proprietary Article Certificate

**Q.6.** What audit checks are exercised on contingent and miscellaneous charges incurred by Air Force Units? **(8 Marks)**

**Ans:** Audit checks on contingent and Misc. Expenditure/Charges: The primary check over contingent expenditure is exercised by the executive authorities. It is their duty to see that the charge is of obvious necessity and is at fair and reasonable rates, that prior sanction for any item requiring such sanction is attached and that all requisite vouchers are received and are in order, that the calculations are correct and that where applicable, the expenditure has not exceeded and is not likely to exceed the allotment made for the purpose. If the flow of expenditure is rapid, it is to be ensured that it is regulated to keep it within the authorized allotment and if repaired to take steps to obtain an additional allotment. Over and above the audit checks, which are required to be exercised on the C&M charges, are:

- (i) These are of a kind normally incurred on account of office or other contingencies and are not of unusual or extraordinary nature.
- (ii) The rates are not apparently extravagant and standards of financial propriety have been observed.
- (iii) The bill is in proper form and that all requisite certificates have been furnished.
- (iv) The recurring charges have been sanctioned by the Competent Financial Authorities (CFA).
- (v) The expenditure is incurred by a govt. servant competent to incur it and he has received necessary sanction.
- (vi) The charges for the non-official publications (including newspapers) conform to the orders on the subject.
- (vii) That printing, binding and stationery charges are in accordance with the laid down procedure.
- (viii) There is no tendency to incur expenditure simply because funds are available.

To avoid double payments, recurring charges linked to the last charge and this fact noted on both the vouchers. The record of Misc. non-recurring charges is kept in Non-recurring Charges Register (NRC). Any order sanctioning a non-recurring expenditure, is noted in the register and entries linked at the time of audit of the charges.

**Q.7.** When current tally card is lost, what action is taken by:  
(a) Commanding Officer. **(4 Marks)**



- (b) LAO **(4 Marks)**
- Ans:** (a) The Commanding Officer will raise a new tally card by taking the last stock-taking balance and posting the receipts and issues from the voucher. The balance struck will be compared with the actual stock.
- (b) LAO will carry out test checks from the voucher files to ensure that the new tally card has been properly constructed.
- Q.8.** What is the importance of scale audit? How is the scale audit of officers of the rank of Wing Commanders and above different from that of officers of the rank of Squadron Leaders and below? **(8 Marks)**
- Ans:** Scale check-scale audit-IAF-strength officers-total strength. DCDA9AF) New Delhi maintains a chart in the proforma A to Annexure B, separately for each Branch, showing the strength of IAF officers sanctioned for each unit and formation according to rank. The scale audit of officers of the rank of Wing Commanders and above is carried out on unit basis.
- Q.9.** What is the role of Integrated Financial Advisers (IFAs) in exercising financial powers by the CFAs? **(8 Marks)**
- Ans:**
- Justification for need.
  - Justification and vetting of quantities.
  - Vetting of rates.
  - Compliance of Govt. rules and procedures
  - Budget monitoring
  - Observance of cannons of financial propriety.
  -
- Q.10.** Are the following in order:
- (a) Station Commander, AF Station Car Nicobar issued orders to change over to Simplified Accounting after Tsunami tragedy last year. **(4 Marks)**
- (b) Contract for local purchase entered into without inviting quotations. **(4 Marks)**
- Ans:** (a) Not in order. CAS only has powers to change over to simplified accounting.
- (b) In order. Provided it is certified that there are no vendors available at the station.
- Q.11.** Write short notes on the following :
- (a) Audit of the CST **(4 Marks)**
- (b) Audio of Contracts **(4 Marks)**

- Ans:**
- (a) Religious import of quotations including minor details having financial bearing in order to ensure like to like comparison.
  - (b) Ensuring that standard conditions as laid down in the manuals have been included and Govt. interests are safeguarded.

**Q.12.** What is the role of AF Accounts Branch with regard to:

- (a) Pay Accounting **(4 Marks)**
  - (b) Stores Accounting **(4 Marks)**
- Ans:**
- (a)
    - (i) AFCAO maintains the pay accounts of all Air Force personnel.
    - (ii) Payment of miscellaneous claims and charges.
  - (b) In respect of store accounts, maintenance of accounts and payment of local purchase orders i.e. locally controlled heads.

## **SECTION V**

### **(Navy Portion)**

**Q.1.** Mention the situations when no loss statement is necessary for losses and damages to stores. **(8 Marks)**

**Ans:** No loss statement is necessary for –

- (a) the difference between the book value and sale proceeds of stores disposed of under the orders of DGS&D.
- (b) transit losses recoverable from the carrying company which have been made good in full by the company concerned.
- (c) Deterioration in stock adjusted on transfer vouchers provided the change in condition is due to fair wear and tear.
- (d) When the discrepancy in the stores received in good outward condition is trifling. In such cases, the actual quantity received will be taken on charge and discrepancy will be noted on the supply note. A certificate that loss is not due to theft, fraud or neglect and that no responsibility attaches to the carrier will be endorsed by the consignee.

**(Authority: Para 96 of NLAO's Manual)**

**Q.2.** What checks should be carried out during audit of POL Stock Account. **(8 Marks)**

**Ans:** It should be seen during audit of POL stock account that –

- (a) The stock held is not in excess of normal requirement
- (b) All receipts are accounted for promptly under correct nomenclature.
- (c) Issue of POL to vehicles are recorded daily and reconciled with the entries in the VDRA and daily work sheet.
- (d) Issues are made direct to the vehicles and not in the cans.
- (e) Loss due to evaporation or other causes is regularized under orders of the CFA
- (f) Monthly stock verification has been carried out. It should also be seen that mustering of stock has been carried out at frequent intervals to detect possible leakage and surpluses and remedial measures taken.
- (g) POL is not issued to hired vehicles under specifically mentioned in hire contract.
- (h) POL is issued on payment to entitled persons at the rates laid down by Govt. and the realized amount credited to govt. promptly.

**(Authority: Para 176 of NLAO's Manual)**

**Q.3.** What are the main store accounts required to be maintained by Ships and

Establishments.

**(8 Marks)**

**Ans:** The following main store accounts are required to be maintained by ships and establishments.

- (1) Victualling Accounts
- (2) Clothing Accounts
- (3) Naval Store (Permanent) ledgers
- (4) Naval Store consumable ledgers
- (5) Medical Accounts
- (6) Mess Traps Accounts
- (7) Naval Armament Store ledger and
- (8) Gunnery Equipment ledger

**(Authority: Para 124 of NLAO's Manual)**

**Q.4.** With reference to Naval Stores write short notes on:

- (a) Permanent Stores **(3 Marks)**
- (b) Consumable Stores **(2 Marks)**
- (c) Quasi Permanent Stores **(3 Marks)**

**Ans:**

- (a) There are those Naval Stores which are not consumed or appreciably altered in use and are usually of a greater value than consumable stores and have a greater functional importance.
- (b) These are the Naval stores which are generally consumed or used to destruction or become worn out within a limited period and are of small monetary value.
- (c) These are Naval stores which though broadly categorized as consumable stores are of a quasi-permanent nature and are issued in exchange for an equal quantity of unserviceable stores of the same description. A few examples are buckets, feeders, brushes, screw-drivers etc.

**(Authority: Para 137 of NLAO's Manual)**

**Q.5.** Can the underdrawal of rations including fresh rations be made good by overdrawal in subsequent month? How is overdrawl of ration during a month to be adjusted?  
**(8 Marks)**

**Ans.** Underdrawal of rations including fresh ration in a month lapses to the state and are not to be made good by overdrawal in subsequent month, nor any payment will be made for provisions saved.

Overdrawal of ration during the month, however, are to be adjusted in the following manner.

- (a) Those detected by the unit will be adjusted either by underdrawing within the same month itself when possible or in the subsequent month by equal quantities. Overdrawal can also be adjusted by payment for the quantities overdrawn at payment issue rates current in the month of drawal.
- (b) Those detected during the audit of victualling account will also be adjusted by underdrawal during the month of audit or in the subsequent month or by payment as stated at (a) above.
- (c) Over issue of any items in a month will be written off under the powers of CO as delegated vide Naval Instructions.

**(Authority: Para 411 of NVP(INBR 14))**

- Q.6.** (a) From where do the shore establishments at Mumbai draw their victualling requirements – ASC Supply Depot, Mumbai or BVY, Mumbai-Why **(3 Marks)**
- (b) To whom are the estimates for dry provisions required by Ships and Establishments submitted? **(5 Marks)**

**Ans:** (a) As an ASC Supply Depot exists at Mumbai, Shore establishments obtain their requirements from ASC Supply Depot Mumbai and not from BVY, Mumbai. **(Authority: Note 2 to Para 1602 of NVM)**

- (b) Estimates for dry provisions required by ships and establishments are submitted as follows:-
- (i) Ships based at Mumbai and shore establishments dependent on ASC Supply Depot, Mumbai forward yearly estimates so as to reach BVO, Mumbai by 10<sup>th</sup> of July every year.
  - (ii) Shore establishment other than those dependent on ASC Supply Depot, Mumbai submit their estimates to the respective Supply Depot as per date laid down at (i) above.
- (Authority: Para 1603 of NVM)**

- Q.7.** (a) What does the term ‘Naval Stores’ include? **(3 Marks)**
- (b) Explain ‘Sea Stores’ and ‘Special Stores’. **(5 Marks)**

**Ans.** (a) The term ‘Naval Stores’ comprises all articles used for:

- (a) building, repairing and maintaining the fleet,

- (b) Yard manufactures,
- (c) Various types of specialized equipment, eg. Radar, W/T, etc.
- (d) Motor transport spares

It does not include S.P.D.C and gun mounting items which do not have naval store pattern numbers.

**(Authority: Article 11 of Naval Storekeeping Manual(INBR 12))**

- (b) SEA STORES:- This term is applied to a ship's outfit of Naval stores, including such general stores, tools and repair for fitted equipments as are necessary for the efficient maintenance and running of the ship. These are shown in the establishment of sea stores for the class of ships.

**(Authority: Article 15 of Naval Storekeeping Manual)**

Special Stores:- These are stores which are not of a standard pattern but which are peculiar to :-

- (a) Particular ship
- (b) Class of ship
- (c) Item of equipment

These are accounted for in the ships Naval Store Account.

**(Authority: Article 16 of Naval Storekeeping Manual)**

- Q.8.** (a) Explain the procedure of 'Check off and receipt' connected with issue of stores in Navy. **(4 Marks)**
- (b) If the stores demanded are not in stock, what is to be done by the storekeeper? **(4 Marks)**

**Ans:** (a) When stores are issued, the issuing storekeeper draws store from the bins and circles the item as each issue is counted to the person drawing the stores, when the issue is complete, the demands shall be receipted by the recipient of the stores and initialed by the issuing store keeper. This procedure is known as "cheek off and receipt".

**(Authority: Article 90(a) of Naval Storekeeping Manual(INBR 12))**

- (b) When the stores demanded are not in stock, the storekeeper shall ascertain from the Department if a similar item will meet the requirement. If this is possible, he shall strike out the cancelled item, enter the pattern No., description, class, group and part of the item substituted and request the demanding department to raise a fresh demand. If substitution cannot be made, he shall cross out the item marking it "cancelled, NI" (Not issued).

**(Authority: Article 90(b) of Naval Storekeeping Manual(INBR 12))**

- Q.9.** What is the purpose of Store Accounting System? Who is responsible for

maintenance and accounting of Naval Stores?

**(8 Marks)**

**Ans.** The store accounting system is designed to

- (a) Maintain control over the custody and expenditure of the public stores.
- (b) Establish the responsibility of those who hold the public stores in their charge.
- (c) Provide the store department with necessary facilities for maintaining:-
  - (i) an accurate record of stores held in the store room and on permanent loan,
  - (ii) a record of actions taken to provide for the maintenance of adequate stocks
  - (iii) the basis on which to calculate future requirement of stores.

The responsibility for the maintenance and accounting of Naval stores issued to ships and establishments is that of Supply Branch.

**(Authority: Articles 421 and 422 of NSM) (INBR 12)**

**Q.10.** (a) What points should be seen during audit of Expatriation Allowance?

**(4 Marks)**

(b) Write a short note on 'Hard-lying Money'.

**(4 Marks)**

**Ans.** (a) It should be seen during audit of expatriation allowance that:

- (i) The allowance paid is supported by a genform publishing the title
- (ii) The rates credited are correct
- (iii) The allowance is not admissible to officers in receipt of compensatory allowance or daily allowance ex- India

**(Authority: Para 176 of OM Part-VII)**

(b) Hard Lying money is payable to naval officers including those belonging to record parties while actually living and sleeping on board ships of the prescribed types when they are employed on sea services which is continuous involving lengthy periods in the open sea or voyage between distant parts irrespective of periods incidental to such service spent in ports.

**(Authority: Para 177 of OM Part VII)**

**Q.11.** What information/certificates should be endorsed on the contingent bill in case of Renewal Outfit Allowance?

**(8 Marks)**

**Ans.** The contingent bill relating to renewal outfit allowance should be supported by the following information/certificates

- (a) Type of commission held
- (b) Date of commission in the Indian Navy
- (c) Specific Authority under which the allowance is admissible
- (d) Certificate of the C.O. that the officer is governed by the pay & allowance regulations for Indian navy
- (e) Certificate by the authority countersigning the claim that the conditions for the grant of allowance have been fulfilled.
- (f)

**(Authority: Para 317 of OM Part-VII)**

**Q.12.** Write short notes on:

- (a) Grant for Swimming Instructions. **(4 Marks)**
- (b) Labour Welfare Fund for Civilian employees in Industrial Undertakings. **(4 Marks)**

**Ans:** (a) A certain sum per annum is authorized every year for providing facilities for swimming instructions for sailors and boys. The amount sanctioned by the govt. and allotted by NHQ every year is drawn by ships/estts from their cash account. The ships/estts have to certify on the claim that the amount drawn will be expended on promoting swimming in the service including training of non-swimmer sailors, boys and apprentices.

**(Authority: Para 378 of OM Part-VII)**

- (b) The above grant is based on the average number of civilian employees borne on the strength of industrial undertakings during preceeding year. In case a new undertaking is declared as factory in the middle of any financial year, the grant is paid at the beginning of subsequent financial year.

**(Authority: Para 379 of OM Part-VII)**