

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

**May, 2007**

**Subject: ‘A’ – Paper I– (Theoretical - Without Books)**  
**General Principles and Procedures of Accounting and Audit**  
**(Including General Organisation of the Armed Forces)**

Time Allowed: 3 Hours

Total 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 a question should be written in one place only.

Q.1. (a) What is the Annual Financial Statement? Briefly explain what all the Central Govt. Budget contains.

**(2+3=5 Marks)**

(b) What is the Contingency Fund and under what circumstances an advance from this Fund is sought?

**(3 Marks)**

**Ans.** (a) Under Article 112 of the Constitution, a statement of estimated receipts and expenditure of the GOI is laid before Parliament in respect of every Financial year, which runs from 1st April to 31st March. This is called Annual Financial Statement or the main Budget.

The Budget contain the following for that Financial year:

- (i) Estimates of all Revenue expected to be raised.
- (ii) Estimates of all Expenditure for each program and project.
- (iii) Estimates of all interest and debt servicing charges and repayments of loan.
- (iv) Any other information as may be prescribed.

**(Auth: GFR 2006 Rules 43(i)&44)**

(b) Contingency Fund is an Imprest placed at the disposal of President to incur expenditure on occasions when Govt. may have to meet urgent unforeseen expenditure pending authorization from Parliament. Parliamentary approval of such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently taken and the Contingency Fund is recouped.

**(Auth:Para3.14 Introduction to Indian Govt. Accounts & Audit)**

Q.2. (a) Distinguish between any FOUR of the following

**(6 Marks)**

- (i) Revenue Expenditure and Capital Expenditure.
- (ii) Voted Expenditure and Charged Expenditure
- (iii) Centrally and Locally Controlled Heads

- (iv) Grants-in-Aid and Subsidy
- (v) Finance Bill and Appropriation Bill
- (vi) Warranty and Guarantee

(b) State whether the following statements are right or wrong:

(2 Marks)

- (i) C&AG is the highest statutory audit authority in India
- (ii) Concurrence of CGA is required to overrule the CGDA on a question of Rule or Procedure in relation to Defence Services expenditure.
- (iii) Pay and allowances of Defence Civilians fall under the locally controlled heads.
- (iv) Savings on account of Provident Fund and small savings are deposited in the Consolidated Fund of India.

**Ans.**

- (a)
  - (i) Revenue Expenditure constitutes all 'running' or 'operating' expenses for the maintenance of the establishment and assets. Capital expenditure is incurred on the 'creation' or 'acquisition' of permanent assets like land, building, machinery, equipment etc.
  - (ii) Constitution provides that every expenditure shall be incurred from the Consolidated Fund of India so authorized through a vote of Parliament. On the other hand, certain categories of expenditure, which are not subject to vote by Parliament but charged to the Consolidated Fund, such as those on account of the salary and office expenses of the President, judges of the Supreme Court, C&AG and payment made in satisfaction of a judgement decree or award of any court fall in the category of the charged expenditure.
  - (iii) Expenditure on the pay and allowances of the Armed Forces represent obligatory charges as their strength and composition is as per policy of the MoD. Such funds are centrally retained in the Armed Forces Headquarters and no distribution to the subordinate authorities is made. On the other hand, expenditure on payments to civilians, transportation, stores, works etc. is susceptible to control against provision made to authorities subordinate to the Government and such heads are called locally controlled heads.
  - (iv) Grants-in-Aid is a financial assistance granted by the Central Govt. to the State Govt. or Institutions or individuals for specific purposes subject to fulfillment of certain conditions. Subsidy is a sum of money from public funds to help an industry or business to keep price of a commodity or service low in the public interest.
  - (v) A Finance Bill is a money bill containing the proposals of the imposition, abolition, remission, alteration or regulation of taxes in the Budget. An Appropriation Bill seeks Parliament's approval to the withdrawal from the Consolidated Fund of the amounts voted and amounts required to meet expenditure on various programs and plans.
  - (vi) Warranty is a written undertaking issued to the purchaser of an article by its manufacturer promising to repair or replace it if necessary within a specified period. This service is usually rendered through the supplier/contractor. Guarantee is a formal assurance given by the supplier/contractor that certain conditions usually relating to the repair or maintenance will be fulfilled during the specified period at his own cost.

- (b)
- (i) Right
- (ii) Wrong
- (iii) Right
- (iv) Wrong

**Q.3.** (a) What do you understand with a Banking and Non-Banking Treasury? What are the main functions of a Treasury?

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

(b) Write a brief note on any TWO of the followings:

**(4 Marks)**

- (i) Public Accounts Committee
- (ii) Estimates Committee
- (iii) Finance Commission

**Ans.** (a) A Banking Treasury means a Treasury, the cash business of which is conducted by the RBI or its branches or agencies authorized to conduct Govt. business. The non-Banking Treasury is a Treasury other than a Bank Treasury that conducts Govt. cash business. The District Treasury is the basic unit and the focal point of this nature.

The main functions of a Treasury are as under:

- (1) Receipt of money from the public and departmental officers for credit to the Govt.
- (2) Payment of claims against the Govt. on bills or cheques or other prescribed instruments.
- (3) Keeping initial and subsidiary accounts of all receipts and payments and rendition of the same to the Accountant General.
- (4) Acting as banker for local bodies, Zilla Parishads, Panchayat Institutions etc. who keep their funds with treasuries.
- (5) Custody of cash balances of State Govt.

**(Auth: Para 11.2,11.3 of Introduction to Indian Govt. Accounts & Audit)**

**Ans.** (b)

- (i) **Public Accounts Committee**

The Committee consists of the Members of Parliament derived from the Lok Sabha and Rajya Sabha. The Chairman of the Committee is normally from the main Opposition Party. The Committee examines the Appropriation Accounts showing the sums granted by the Parliament for the expenditure of the Govt. and such other accounts with the assistance of C&AG. The PAC has following main duties:

- (a) That the moneys shown in the accounts as having been disbursed were legally available for, and applicable to the service or purpose to which they have been applied or charged;
- (b) That the expenditure conforms to the authority which governs it; and
- (c) That every re-appropriation has been made in accordance with the provision made under rules framed by competent authority.

**(Auth: Para 34.2 of Introduction to Indian Govt. Accounts & Audit)**

(b) **Estimates Committee**

The Committee consists of the Members of Parliament derived from the Lok Sabha and Rajya Sabha. The Committee examines in detail such estimates as may seem fit to it or specifically referred to it by the Parliament. Following are its main duties:

- (a) To report the economies and improvement in organizations, its efficiency or administrative reforms consistent with the policy underlying the estimates.
- (b) To suggest alternative policies in order to bring efficiency and economy in administration;
- (c) To examine whether the money is well laid out within the policy and
- (d) To suggest the form in which the estimates shall be presented to Parliament.

**(Auth: Para 34.3 of Introduction to Indian Govt. Accounts & Audit)**

(c) **Finance Commission**

The President at the expiry of every fifth year or earlier as considered necessary constitutes a Finance Commission. The main functions of the Finance Commission are as under:

- (1) To make recommendations regarding the distribution of resources (raised from taxation and duties) between the Union and States based on rational principles;
- (2) To make recommendations for the allocation of the States' share among them;
- (3) The principles which should govern grants under Article 275;
- (4) Recommendations on any other matter referred to it by the President in the interest of sound finance.

**(Auth: Para 5.2, 5.3 of Introduction to Indian Govt. Accounts & Audit)**

- Q.4.**
- (a) What is the normal duration of a contract and what is the maximum duration of the contract beyond which normally the sanction of GoI is necessary?  
**(1+1=2 Marks)**
  - (b) Can errors in the tender documents be corrected? If so, please give two illustrations.  
**(2 Marks)**
  - (c) Can a CFA overrule the advice of IFA? If so, what prescribed procedure CFA is required to follow?  
**(2 Marks)**
  - (d) Is a minor legal heir bound by the terms of contract, if a contractor dies during the validity of the contract? Can a contract be entered by or on behalf of a minor  
**(2 Marks)**

- Ans.**
- (a) Contracts are normally done for 12 months of the Financial Year but it could be for shorter period also. An authority subordinate to the Government can sanction a contract maximum up to three years in some cases beyond which sanction of GoI is necessary.

**(Auth. Rule 246 FR Part I Vol.I)**

- (b) Trivial errors in the tender documents can be corrected such as omission to enter rates in words, or omission to sign amendments of errors.

**(Auth. Rule 241 FR Part I Vol.I)**

- (c) In matters within the delegated powers, it is open to the CFA to overrule the advice of IFA by an order recorded in writing containing a gist of the objection of IFA and reasons for overruling the advice. A copy of this order will be endorsed to the next higher CFA and the IFA. In such cases, it will be open to IFA to report the matter to the next higher IFA for pursuing the matter with the higher CFA or dropping it as deemed fit.

**(Auth. Rule 240 FR Part I Vol.I)**

- (d) The minor legal representative will be bound by contract. A contract can not be entered by or on behalf of a minor.

**(Auth. Rule 236 FR Part I Vol.I)**

- Q.5.** (a) What are the conditions of eligibility of Govt. servants for drawing advance for the purchase of motor car and motor cycle or scooter?

**(4 Marks)**

(b)

- (i) What is the quantum of motor cycle advance on the second and subsequent occasions?

**(1 Mark)**

- (ii) In how many instalments, a bicycle advance is recoverable?

**(1 Mark)**

- (iii) A Govt. servant has a basic pay and dearness pay together at Rs.7,225 per month. Is he entitled for bicycle advance?

**(1 Mark)**

- (iv) In how many maximum instalments, a personal computer advance taken by a Govt. servant is recoverable?

**(1 Mark)**

- Ans.** (a) A Govt. servant may be granted an advance for the purchase of a motor car/motor cycle/scooter provided following conditions are met.

(i) The authority competent to sanction the advance is satisfied that the Govt. 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 and dearness pay taken together is Rs.15,750 per month or more. In deserving cases, Secretary of the Administrative Ministry can relax this condition.

(iii) The advance for the purchase of motor cycle/scooter shall be granted to those whose basic pay and dearness pay taken together is Rs.6,900 per month or more. The authority competent to sanction this advance can also relax this condition in deserving cases.

**(Auth: Rule 17 GFR Pt.II Compendium of Rules on Advances)**

(b)

- (i) Rs.24,000 or 3 months BP & DP or anticipated price, whichever is the least.

**(Auth: Rule 30 GFR Pt.II)**

- (ii) Equal monthly installments not exceeding 30.

**(Auth: Rule 30 GFR Pt.II)**

(iii) Yes. **(Auth: Rule 30 GFR Pt.II)**

(iv) Equal monthly installments not exceeding 150. **(Auth: Rule 30 GFR Pt.II)**

**Q.6.** (a) Who is competent for the compassionate appointment of wards of a deceased Govt. servant and in what circumstances? What percentage of vacant posts can be filled against such appointments? **(2+1=3 Marks)**

(b) What are the conditions and criteria for the promotion in situ for the career advancement of Group 'C' and 'D' employees? **(3+2=5 Marks)**

**Ans.** (a) Heads of Department are competent, in relaxation of the procedure of recruitment through the SSC or Employment Exchange, the son/daughter/near relative of a Govt. servant who dies in harness leaving his family in immediate need of assistance, in the event of there being no other earning member in the family.  
3% of the posts falling vacant in a calendar year in a particular cadre can be filled by appointment on compassionate grounds. **(Auth: Para 124 of OM Part I)**

(b) All Group 'C' and 'D' employees need to fulfill following conditions for promotion in situ.

- (i) Employees who are directly recruited to a Group 'C' and 'D' post.
- (ii) Employees who have not been promoted on regular basis even after one year on reaching the maximum of the scale of such post.
- (iii) Employees whose pay on appointment to such post is fixed at the minimum of scale.

Promotion in situ is allowed after following due process of promotion based on seniority-cum-fitness. **(Auth: Para 141 of OM Pt I)**

**Q.7.** (a) What are the different types and scope of Office orders maintained in the offices of the Defence Accounts Department? **(4 Marks)**

(b) Who maintains the book of Instructional Orders and for what purpose? **(2 Marks)**

(c) What is the purpose of the Master Note Book and Work Books in a Section? **(2 Marks)**

**Ans.** (a) Two sets of Office Orders Part I and Part II are maintained in each office. Office order Part I are issued to record all orders relating to the procedure and internal working of the office, and maintained as permanent record. Office order Part II contains order relating to personnel of the office such as appointment, transfer, promotion, punishment etc. Separate serial numbers are given to such orders and fresh numbers are started from the 1st January of each year. **(Auth: Para 491 of OM Pt I)**

- (b) Each section is required to maintain a book of Instructional Orders by the officer in immediate or general charge of the section, relating to the detailed work of the section or in amplification of orders issued by a higher authority.

**(Auth: Para 493 of OM Pt I)**

- (c) A Master Note Book (in IAFA 487) is required to be kept for each section with a comprehensive subject index of all orders and decisions affecting the work of the section. Work Books are maintained by Sr.Auditors, Auditors and Clerks for all letters, bills, accounts etc. received and disposed off by them.

**(Auth: Para 497 of OM Pt I)**

- Q.8.** (a) What is the Non-Plan and Plan Expenditure? What is the role of Planning Commission in respect of the Plan Expenditure?

**(3+3=6 Marks)**

- (b) Give two examples each of Revenue and Capital Receipts.

**(2 Marks)**

- Ans.** (a) Plan expenditure represents expenditure on plan outlays approved for each scheme or organization by the Planning Commission. Non-Plan expenditure represents other expenditure such as those on Pay and Allowances, Transportation, Office expense etc required for the maintenance and running of the organization. Both Plan and Non-Plan expenditure are distinctly and separately shown in Budget documents.

Planning Commission plays very crucial role in deciding allocation on plan outlays to Ministries and Departments. Estimates of Plan expenditure are routed through the Planning Commission in the prescribed form under the various heads of development highlighting important Plan programmes and schemes. Ministries/Departments are required to prepare Performance Budget for these schemes. Allocation under Plan outlay to organizations is based on scrutiny and recommendations of Planning Commission.

**(Auth: Rule 78 of GFR)**

- (b) Revenue Receipts  
(i) Tax revenue - Income Tax  
(ii) Other revenue - Interest and dividend on investments

Capital Receipts

- (i) Borrowing by Government from Reserve Bank  
(ii) Loans received from foreign Governments

- Q.9** (a) Broadly, how are the losses classified? In what cases, a court of enquiry is necessary and when can it be dispensed with?

**(1+2=3 Marks)**

- (b) Can an audit authority examine adequacy of disciplinary action in case of the loss of public money? If so, what is the procedure thereof?

**(2 Marks)**

- (c) What are the financial powers of the GOC-in-C Command to sanction write off of losses of stores 'not due to' and 'due to theft, fraud or gross neglect' in the following cases:

**(2 Marks)**

- (i) Military Engineering Service
- (ii) MT Accidents

**Ans.** (a) Losses are broadly classified as under:

- (i) Loss of stores
- (ii) Loss of public money

Preliminary investigation to fix the cause of loss shall be done in all cases. Court on Inquiry should invariably be done to investigate all losses, which require the sanction of the GoI to write off. The holding of a Court of Inquiry may, at the discretion of the competent financial authority, be dispensed with in cases of loss of stores where the loss is not due to theft, fraud or neglect or where the reported loss due to these reasons is less than Rs.10,000.

**(Auth: Rule 156 FR Part I Vol.I)**

- (b) Yes, an audit authority can examine the adequacy of the disciplinary action in cases of loss to satisfy himself. In such cases, the senior audit officer of the Command concerned shall make a written request to that effect to call for the actual Court of Inquiry proceedings. The proceeding then shall be sent to him personally.

**(Auth: Rule 159 FR Part I Vol.I)**

- (c) GOC-in-C powers to sanction write off of loss of stores:

	Not due to theft, fraud or Gross neglect	Due to theft, fraud or Gross neglect
Military Engr. Service	Rs.2 lakhs	Rs.1 lakh
MT Accidents	Rs.8 laksh	Rs.4 lakhs

**(Auth: Schedule VI of MoD No.A/89591/FP-1/2006/D(GS-I) dt.26.7.07)**

**Q.10.** (a) What is the concept of the New Management Strategy in the context of the Defence Financial Management? Briefly mention the duties of an Integrated Financial Adviser.

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

- (b) In case of procurement of collapsible shelters for the units of a strike corps in 2006 at an estimated cost of Rs.26 lakhs, a limited tender action was taken with the approval of CFA in the two-bid system. The Technical Evaluation Committee short listed only one vendor after technical evaluation out of three quotations received. In staff evaluation, it was recommended to accept TEC report and open commercial bids to hold price negotiations, which was rejected by the CFA on the recommendations of IFA.

Analyze to find out shortcomings noticed by IFA and suggest corrective action assuming you are IFA in the above case.

**(4 Marks)**

**Ans.** (a) New Management Strategy is intended to enhance value of money in the Revenue expenditure by establishing linkage between the resources utilized and output achieved. It involved the decentralization of responsibility for the budget formulation and financial control with the adoption of the concept of Authority cum Responsibility and Accountability.

Briefly following are the Internal Financial Adviser's duties.

- (1) He shall advise CFAs in all financial matters under the delegated powers to



- be exercised in consultation with the IFA.
- (2) He shall associate himself at all stages of procurement viz. acceptance of Necessity/Quantity Vetting, vetting of tender enquiry, participation in PTC/PNC, Financial Concurrence, vetting of supply order etc.
  - (3) He shall associate himself with post supply order developments having financial implications.
  - (4) He must assist in Budget Formulation, Monitoring of Expenditure, and maintenance of Committed Liabilities.
  - (5) He should monitor processing of Draft Paras/Audit Paras and Internal Audit objections etc.

**(Auth. Para 827 OM Part II Vol. I)**

- (b) The estimated cost of the proposal was Rs.26 lakhs and hence open tender system should have been followed besides issuing tenders to the already approved vendors. As a result of technical evaluation, only one technically acceptable vendor emerged. As per DPM 2006 provision, in the event of a resultant single vendor situation, re-tendering should be done after revising the QRs and Technical Specification to make it broad based. The staff should have acted accordingly recommending re-tender without opening commercial quotes. IFA had recommended action as per the provision of DPM, which was accepted by the CFA.

**(Auth: GFR 2005 & DPM 2006)**

**Q.11.** What is the Annual Audit Certificate and who renders it? Briefly narrate the salient features and important points to be observed in preparation of the Annual Audit Certificate.

**(8 Marks)**

**Ans.** The Annual Audit Certificate (AAC) is a certificate furnished annually by the CGDA to the Secretary (Def Fin) not later than 1st September each year, that to the best of his knowledge and belief no part of the expenditure contained in the Appropriation Accounts for that year has been incurred without the sanction of the GOI, where such sanction is required by the regulations or other orders, with the exception of items where the necessary sanction is awaited. Particulars of such items exceeding Rs.50,000 in each case are furnished in the statement attached to the certificate.

The above AAC is based on similar certificates of individual Controllers, which should reach the CGDA by 1st August each year.

While rendering this certificate, CGDA is expected to highlight reservations and qualifications and specific instances thereof in regard to the items considered important enough to be brought to the notice of the PAC. This include various irregularities in respect of stores accounts, stock verification, use of transport etc. irrespective of whether the authority competent to regularize is the Government or not.

The following points are observed while preparing the AAC:

- (i) The narrative of each item should be self-contained and complete giving full particulars of the expenditure and circumstances known to the Controller at the time of rendition of the certificate.
- (ii) Where full particulars are not available, it should convey that these are being obtained and would be furnished later when the case is routed for obtaining Govt. sanction.

- (iii) In case where there is delay in answering the objection or furnishing reasons for incurring expenditure in the absence of Govt. sanction, the item should be so annotated in the statement and such items should also be reflected in the quarterly report of MAFI.

**(Auth: Para 540 and 542 Defence Audit Code)**

**Q.12.** (a) Which office of the Defence Accounts Department is responsible for the following:

**(8 Marks)**

- (i) General Provident Fund in respect of the Defence Civilians employees serving in the Naval Headquarters.
- (ii) General Provident Fund in respect of the industrial employees of the Ordnance Clothing Factory, Shahjahanpur
- (iii) DSOP Fund in respect of an Army officer posted in Shillong.
- (iv) Sanction of Superannuating Pension in respect of a Group Captain in the Indian Air Force.
- (v) Sanction of Disability Pension in respect of a Rear Admiral in the Indian Navy.
- (vi) Financial advice to the GOC-in-C, ARTRAC, Shimla.
- (vii) Printing of the All India Compilation of Defence Receipts and Charges.
- (viii) Reimbursement of Contingent Owned Equipment and Death Claims of Indian Peace Keeping Forces deployed in UN Missions.

- Ans.**
- (i) The PCDA New Delhi
  - (ii) Accounts Office, OCF Shahjahanpur
  - (iii) The CDA(O), Pune
  - (iv) The DCDA(AF), Delhi Cantt
  - (v) The PCDA(Navy), Mumbai
  - (vi) IFA, ARTRAC, Shimla
  - (vii) The PCDA(R&D), New Delhi
  - (viii) The PCDA New Delhi

**Q.13.** (a) Who is responsible for exercising control over expenditure against allotments? What is the role of a CDA in this regard?

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

(b) What are the types of transactions that can be adjusted through the Defence Exchange Account?

**(3 Marks)**

(c) Expand abbreviation 'DID' in DID Schedule.

**(1 Mark)**

**Ans** (a) It is the primary responsibility of the authorities whom allotments are made to watch the progress of expenditure and to see that the expenditure does not exceed allotment. In order to facilitate this, the Controller of Defence Accounts renders monthly statements to the allottees showing the serial numbers of the bills/claims admitted in audit and the amounts debited against the allotment. The Controllers of Defence Accounts also keep a watch on the progress of expenditure against sanctioned allotments and bring to the notice of the allottees and immediate higher authorities cases in which the trend of expenditure is abnormally heavy or unusually low.

**(Auth: Para 188,189 of Defence Account Code)**

(b) The Defence Exchange Accounts are operated for the adjustment of the

following types of transactions.

- (i) Transactions pertaining to Debt and Remittance heads.
- (ii) Transactions for settlement or adjustment of which a particular Controller is centrally responsible e.g. transactions which cannot be booked to final heads by different CsDA such as GPF recovery.
- (iii) Imprest advance payments to Naval/Air Force personnel from Army sources and *vice versa*.

**(Auth: Para 109 of Defence Account Code)**

- (c) Defence Inter Departmental

**Q.14.** Write short notes on any FOUR of the following:

**(8 Marks)**

- (i) Military Receivable Order
- (ii) Transfer Entry
- (iii) Cash Assignment
- (iv) Debit Scrolls
- (v) Punching Medium
- (vi) Revenue, Debt and Remittance Heads

**Ans.** (i) Money Receivable Order: Any person paying money into the Govt. treasury or one of the branches of the SBI or RBI is required to do so on a Money Receivable Order (MRO IAFA-507) issued by an authorized officer. The MRO should bear the details of the nature of payment, the person on whose account it is made and the CDA responsible for adjusting the amount it is made and the CDA responsible for adjusting the amount. Based on the authority of MRO, the bank or treasury accepts the money and credit is given to the Defence Service Receipt.

**(Auth: Rule 11, Financial Regulations, Part I)**

- (ii) Transfer Entry: Transfer entries are accounting entries made in order to transfer an item of expenditure from one head of account to another. These entries are made in order to:
  - (i) To correct an error of classification;
  - (ii) To adjust an item outstanding under debt heads; and
  - (iii) To adjust inter-departmental and other transactions which do not involve the receipt or payment of cash.

**(Auth: Para 52 Defence Account Code)**

- (iii) Cash Assignment: In the case of Defence Disbursing Officers who are allowed to draw funds by cheques for their disbursements, assignment of funds are arranged with specified treasuries by the Controllers of Defence Accounts in favour of such officers. These are called Cash Assignments. Payments are made by the banks or treasuries against such assignments provided disbursements do not exceed the amount for which provision has been made.

**(Auth: Rule 310 & 311, Financial Regulations, Part I)**

- (d) Debit Scrolls: Each branch of the RBI or the SBI will prepare and render to the concerned CDA a copy of daily scrolls every day in respect of Defence transactions. These are separately sent for receipts and payments. The scrolls showing details of payments made by the banks are called debit scrolls and are accompanied by the paid cheques. The debit scrolls show cheque numbers and amount of each cheque with a consecutive serial number to enable CDA to

immediately detect any debit scroll not received. The debit scrolls on receipt are tallied with the amounts in the Schedule III and an entry made in the Register of Bank Scrolls.

**(Auth: Para 179 OM Part II)**

- (e) **Punching Medium:** For the purpose of the compilation of accounts of receipts and expenditure, the data available in the original vouchers are codified in a document which is known as punching medium. Thus a punching medium serves as a medium from which data are taken for mechanical compilation. Separate punching media are prepared for each class of voucher on IAF(CDA) 336 except for class 8 vouchers (DID Schedules) which are prepared on IAF (CDA) 338.

**(Auth: Para 134 & 135 Defence Accounts Code)**

- (f) **Revenue, Debt & Remittance Heads:** Revenue heads refer to those heads of accounts which are recorded for all proceeds of taxation and other receipts classed as revenue and the expenditure met there from. Debt head mean the heads of account under which transactions of Government relating to the Debt, Deposits, Advances and Suspense Accounts are recorded. Remittance heads refer to heads of account to which transactions relating to remittance business are taken. The consolidated booking under these heads is compiled in a report every month for the use in the Defence Accounts Department and Defence Services by the EDP Centre, New Delhi.

**(Auth: Defence Accounts Code(Definitions & Paras))**

- Q.15.** (a) What is Field Imprest and who is competent to sanction it? **(2 Marks)**
- (b) Who is responsible for allotting an Imprest Account Number and what documents are required for this? **(3 Marks)**
- (c) What is the purpose the Technical Training and Instructional Equipment Grant? Name at least two legitimate charges debitible against this grant. **(3 Marks)**

- Ans.** (a) Field Imprest are advances of public money issued in bulk to certain officers termed as Field Imprest Holders for making payments to JCOs, ORs and NCs(E) as also civilians working in operational areas. Miscellaneous expenses of units are also met from this Imprest. Sanction for the Field Imprest can be accorded by Commanders of Corps/Area/Independent Sub-Area and Sub-Area and Brigade.

**(Auth: Appendix 26-1,2 FR Pt II)**

- (b) Application on prescribed form for the allotment of an Imprest Account Number is made to the Regional CDA (CDA(ORs) in the past) by the Officer Commanding, Imprest Holding unit.
- (1) Number and date of Order wherein sanction of competent authority has been published together with the sanction in original.
  - (2) Designation of the PAO(ORs) with which the Imprest Holding Unit is most concerned.
  - (3) Six specimen signatures of the Imprest Holder.
  - (4) Designation of the Regional CDA or Field Cashier from whom funds for the Imprest are to be drawn.

(5) A certificate that the unit has not been allotted any Field Imprest Account previously for making similar payments.

**(Auth: FR Pt II Appendix 26-5)**

- (c) The Technical Training and Instructional Equipment Grant (TTIEG) is a Grant made to Signal Officer-in-Chief to enable him to exercise control over the training of the Corps of Signals who in turn makes allotment to Chief Signal Officer, Commands and other Formations. Expenditure from this grant is incurred for provision, fabrication and maintenance of instructional equipment and training aids for training in technical categories. Two examples of legitimate charges under this grant are as under:

- (1) Purchase of electronic, electrical and technical equipment for training.
- (2) Purchase and binding of technical journals, technical books, reference books etc.

**(Auth: FR Pt II Appendix 2)**

- Q.16.** (a) In what condition is a Central Government employee deemed to have working knowledge of Hindi?

**(2 Marks)**

- (b) Which script and numerals shall be used in the offices of the Union Government as official language?

**(2 Marks)**

- (c) Please state the category under which the following State or Union Territory fall for the purpose of official language.

**(2 Marks)**

- (i) Punjab
- (ii) Rajasthan
- (iii) Andaman and Nicobar Island
- (iv) Kerala

- (d) Please state whether an employee is deemed to have gained proficiency in Hindi in following cases:

**(2 Marks)**

- (i) He has passed Pragya Examination conducted under the Hindi Teaching Scheme of the Central Government.
- (ii) He has passed the Matriculation or any equivalent examination in Hindi medium.

- Ans.** (a) A Central government employee is deemed to have acquired the working knowledge of Hindi, if he has met any of the following conditions:

- (1) The matriculation or an equivalent or higher examination with Hindi as one of the subjects;
- (2) The Pragya examination conducted under the Hindi Teaching Scheme of the Central Government;
- (3) If he declares himself to have acquired such necessary knowledge in the specified term.

**(Auth: O.L.Act Para 9 under Appendix IV)**

- (b) Devanagari script and International form of numerals.

- (c) (i) Region 'B'  
(ii) Region 'A'

- (iii) Region 'A'
- (iv) Region 'C'

**(Auth: O.L.Act Para 4)**

- (d)
  - (i) No
  - (ii) Yes

**(Auth: O.L.Act Para 9 under Appendix IV)**

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

**May, 2007**

**Subject: ‘A’ – Paper II– (With Books)  
General Principles and Procedures of Accounting and Audit  
(Including General Organisation of the Armed Forces)**

Time Allowed: 3 Hours

Total Marks : 100

Notes:-

- (1) Candidates should not attempt more than TWELVE questions.
  - (2) Each question carries EIGHT marks. FOUR marks are for general excellence.
  - (3) Answers to all parts of a question should be written at one place.
  - (4) Authority for your answers should be quoted.
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**Q.1.** Which Principal Controller/Controller of the Defence Accounts Department is responsible for the following: **(8 Marks)**

- (a) Post audit of pay and TA bills of DAD employees;
- (b) Maintenance of Provident Fund accounts of Army Officers;
- (c) Payment of bills in respect of procurement of Defence stores from UK;
- (d) Disbursement of pensions through DPDOs located in Kerala.

**Ans.** (a) PCDA (Pen), Allahabad; However, post audit of DAD bills pertaining to PCDA(Pen) is done by CDA Patna;

**(Auth: Para 29, Office Manual Part I)**

(b) CDA(Officers) Pune

**(Auth: Para 6, OM Part I)**

(c) PCDA, New Delhi

**(Auth: Para 37, OM Part I)**

(d) CDA Chennai

**(Auth: Para 29, OM Part I)**

**Q.2.** (a) Which authority is responsible for the maintenance of the pay accounts of officers and airmen of the Air Force? **(2 Marks)**

(b) Who is responsible for the preparation of the Appropriation Accounts of the Defence Services, and to whom are they rendered?

**(2 Marks)**

(c) Among individuals passing the S.A.S. examination in the same year, how is the relative seniority in the roster of Section Officers determined?

**( 4 Marks)**

- Ans.** (a) Air Force Central Accounts Office, New Delhi  
(Auth: Note 1 below Para 3 of OM Part I)
- (b) The Secretary (Def Fin) Financial Adviser, MoD is responsible for the preparation of the Appropriation Accounts of the Defence Services and for their submission to the Comptroller and Auditor General of India and the Director General of Audit, Defence Services.  
(Auth: Para 532 of Defence Audit Code)
- (c) The relative seniority in the Roster of Section Officers (Accounts) as between individuals passing the same SAS examination will be determined with reference to the date of confirmation in the Auditors' grade, or if these dates are the same, with reference to their dates of appointment as Auditors, and if these dates also happen to be the same, the with reference to their dates of birth, the older in age being treated as senior.  
(Auth: Para 92 of OM Pt. I)
- Q.3.** (a) What are the eligibility conditions to be fulfilled by a Group 'D' employee of DAD for promotion to Clerks' grade?  
(4 Marks)
- (b) The ACR of a AAO serving as AAO GE is written by his GE. Please comment.  
(4 Marks)
- Ans.** (a) A specified percentage of vacancies in the clerical grade will be filled in by recruitment from educationally qualified group 'D' employees subject to the following conditions:  
(i) Selection will be made through a Departmental Examination confined to Group 'D' employees who fulfil the requirements of minimum educational qualification, viz. matriculation or equivalent.  
(ii) Maximum age limit for admission in the examination will be 45 years (50 years for SC and ST employees)  
(iii) At least five years service in grade 'D' is essential.  
(Auth: Para 113 of OM Pt. I)
- (b) Initiation of the confidential report by the GE is not in order. As per Para 192 of OM Part I, the report should have been written by the LAO/ROA concerned, who should have taken into consideration any recommendations or complaints on the work or conduct of the Section Officer made by the GE.  
(Auth: Para 192 of OM Pt. I)
- Q.4** (a) 'A', a Section Officer in DAD, was posted at station X where there was no schools of the requisite standard for his child. He was accordingly drawing Children Education Allowance. From Station X he is transferred to station Y where schools of the requisite standard are available, but the child continues to study in the school where he was already studying. Comment on A's entitlement to CEA at the new station.  
(4 Marks)
- (b) A Central Government employee, who was holding a substantive post in another department, is appointed as Auditor in the DAD. Is it necessary for him to be confirmed in the new post? Give reasons and authority in support of your answer.  
(4 Marks)



**Ans.** (a) Since the Section Officer was in receipt of CEA at Station X, he shall remain eligible for such allowance at the new station also, so long as the child continues to study in the same school.

**(Auth: Para 149 of OM Pt. I)**

(b) If a Central Government employee is appointed to another post by direct recruitment either in the same department or a different department, it will be necessary to consider him for confirmation in the new post to which he has been appointed by direct recruitment, irrespective of the fact that the officer was holding the earlier post on a substantive basis. Confirmation in the new entry grade becomes necessary because the new post may not be in the same line or discipline as the old post in which he has been confirmed, and the fact that he was considered suitable for continuance in the old post would not automatically make him suitable for continuance or confirmation in the new post, the job requirements of which may be quite different from those of the old post. Hence in the instant case, confirmation in the new post will be necessary.

**(Auth: Para 134 OM Pt.I)**

**Q.5.** (a) Who will accept the annual confidential report of an Accounts Officer of the DAD on deputation? Who will keep the original copy of the confidential report after its acceptance?

**(4 Marks)**

(b) What type of orders are treated as Part II office orders? How are such orders numbered?

**(4 Marks)**

**Ans.** (a) The confidential report of the Accounts Officer on deputation will be accepted by the proforma Controller. The original copy of the report, after acceptance, will be kept by the CGDA.

**(Auth. Para 181 OM Pt I)**

(b) Part II office orders contain orders relating to personnel of the office, such as appointments, transfers, promotions, punishments, etc. Separate serial numbers will be given to the orders in each book. Fresh numbers will be started from the 1st January of each year.

**(Auth. Para 491 OM Pt I)**

**Q.6.** (a) How will a service receipt for which full particulars are not given be accounted for?

**(4 Marks)**

(b) An aerodrome of the Indian Air Force is used by Civil Aircraft. What charges, if any, are recoverable from Civil Aviation Department? Give reasons in support of your answer.

**(4 Marks)**

**Ans.** (a) A service receipt for which full particulars are not given must not be taken to the head 'Suspense Account' but should be credited to the Minor Head 'Other Receipts' under the Revenue Head to which it appears to belong, pending eventual transfer to the credit of a proper head on receipt of detailed particulars.

**(Auth: Para 46 of Defence Account Code)**

(b) As per Note 2 below Para 62 of the Defence Account Code, the Defence

Services shall not charge the Civil Aviation Department for the use of the aerodromes of the India Air Force by the Civil aircraft.

**(Auth: Note 2 under Para 62 of Defence Account Code)**

- Q.7.** (a) What is meant by 'Propriety Audit'? **(2 Marks)**
- (b) Can a Central Government servant avail of Leave Travel Concession during the period of suspension? **(2 Marks)**
- (c) When can a charged Government servant utilize the services of a lawyer to present his case before the Inquiry Officer? **(2 Marks)**
- (d) Within what time should an adverse remark in a confidential report be communicated to the official reported upon, and what is the time allowed for representing against the adverse remark? **(2 Marks)**

**Ans.** (a) It is an essential function of audit to bring to light not only cases of clear irregularity but also every matter which, in its judgement, appears to involve improper expenditure or waste of public money or stores, even though the accounts themselves may be in order and no obvious irregularity has occurred. It is thus not sufficient to see that sundry rules or orders of competent authority have been observed. It is of equal importance to see that the broad principles of orthodox finance are borne in mind not only by disbursing officers but also by sanctioning authorities. Audit conducted on these lines is referred to as 'Propriety Audit'.

**(Auth: Para 38 of Defence Audit Code)**

- (b) A Government servant under suspension cannot avail of LTC as he cannot get any leave, including casual leave, during the period of suspension. As he continues to be in service during the period of suspension, members of his family are entitled to LTC.  
**(Auth: DG P&T Letter No.26/1/74-PAP dt.3.2.77, reproduced in Annexure 'B' of OM Pt I)**
- (c) A Government servant may present his case before the Inquiry officer with the assistance of any other Government servant or retired Government servant. He may not engage a legal practitioner for the purpose unless the person nominated by the Disciplinary Authority is a legal practitioner or unless the Disciplinary Authority, having regard to the circumstances of the case, so permits.  
**(Auth: Para 329 OM Part I)**
- (d) Adverse remarks in a confidential report are required to be communicated to the individual concerned, as far as possible, within one month from the date of acceptance. Representation against adverse remarks should be made within one month of the date of communication.  
**(Auth: Para 202&203 OM Part I)**

**Q.8.** (a) What is the prescribed period of retention in DAD of the following types of records: **(4 Marks)**

- (i) Manufacture accounts of Army formations;
- (ii) Cash accounts of Indian Naval ships and establishment;
- (iii) Pay bills of civilian Gazetted Officers and establishments;
- (iv) Pension claims (where pension has been sanctioned);

(b) How many digits are there in a DID Schedule number, and what do the different digits denote?

**(4 Marks)**

- Ans.** (a) (i) 5 years (Item 15 of Annexure 'A' to Para 61, OM Part II, Vol.I)  
(ii) 6 years from the date the accounts are finalized (Item 2(22))  
(iii) 6 years (Item 11(3))  
(iv) 50 years from the date of last PPO bound in a particular volume (Item 73)

(b) DID Schedule number consists of 15 digits. The first two digits indicate the CDA, next four digits the Section number, the seventh digit the class of vouchers, eighth to eleventh digits voucher number, twelfth and thirteenth the month, and fourteenth and fifteenth the year.

**(Auth: Para 213 of OM Pt. II Vol.I)**

**Q.9.** (a) An Accounts Officer, who had gone on temporary duty, completes his return journey on 31 March, 2006. What is the last date up to which he can submit his TA claim?

**(4 Marks)**

(b) What is the transfer entry to be made when a cheque issued by a Controller on a Bank is cancelled and a fresh cheque in lieu is not issued?

**(4 Marks)**

**Ans.** (a) As per Rule 259 GFR, travelling allowance claim of a Government servant shall fall due for payment on the date succeeding the date of completion of the journey. He shall submit the traveling allowance claim within one year of its becoming due, failing which it shall stand forfeited.

In the instant case, the journey was completed on 31.3.06, and accordingly the claim fell due for payment on 1.4.06. The TA claim should be submitted within one year of this date, i.e. latest by 31.03.2007.

**(Auth: Rule 259 GFR)**

(b) When a cheque issued by a Controller is cancelled and a fresh cheque in lieu is not issued, the transaction should be adjusted by a transfer entry as under:

DEBIT - Suspense Head-Cheques and Bills-Code No.0/020/81

CREDIT-Service or other head either by a fresh credit or minus debit (as the case may be) which was originally debited.

**(Auth: Para 21 OM Pt.XI)**

**Q.10** (a) What is the Defence Proforma Account? What are the suspense and miscellaneous heads of account to be operated for transactions under this account?

**(4 Marks)**

(b) Who bears the leave salary of a Central Govt. servant on deputation to another department?

**(4 Marks)**

- Ans.** (a) The balances of the Defence Services have been created proforma in the books of the RBI w.e.f. 1.4.1962. These balances form part of the Central Government for regulating the ways and means arrangements. There is one Central Account in the RBI for the Defence Services as a whole but in the details working up to this single account, the total figures for each Controller will be available separately in the books of the RBI. The transactions with or on behalf of the Defence Services arising in the accounts of other Central Ministries and Departments will be adjusted with the Reserve Bank against the balance of the Defence Proforma Account and of the Govt. concerned. These adjustments will centrally be effected by the Central Accounts Section of the RBI of India at Nagpur.

The following heads should be operated for adjustment of transactions under the Defence Proforma Account:

**'L' - Suspense & Miscellaneous**

- (i) Reserve Bank Suspense - Classified (ii) Reserve Bank Suspense - Unclassified (iii) Remittances into Banks/Treasuries, (iv) Cheques & Bills, (v) Reserve Bank Deposits.

**(Auth: Para 74 & 85 Defence Account Code)**

- (b) The liability for payment of leave salary will be that of the borrowing department in respect of leave availed during the currency of the deputation.

**(Auth: Para 90 Defence Account Code)**

- Q.11.** (a) Who carries out the audit of sanctions issued by the GOI?  
**(4 Marks)**
- (b) What checks should be exercised in a Controller's office to avoid fraudulent payments on the basis of forged Govt. sanctions?  
**(4 Marks)**

- Ans.** (a) The audit of GOI sanctions is conducted by the Director General of Audit, Defence Services.

**(Auth. Para 24 Defence Account Code)**

- (b) In order to avoid fraudulent payments on the basis of forged Govt. sanctions, it will be ensured in Controller's office that:
- (i) The specimen signatures of the officers who are authorized to sign the Government sanctions involving Defence expenditure are verified. This is done with reference to the specimen signatures of authorized signatories received from the concerned Wings of the MoD or other concerned Ministry.
- (ii) The monthly list of Govt. sanctions issued, received from the Ministry, is consulted in audit to avoid acting on forged sanctions;
- (iii) The receipt of specimen signatures and of the monthly list of Govt. sanctions, from the concerned Nodal Officers of the Ministry, will be watched by the Controller's office.

**(Auth: Para 37 Defence Audit Code)**

- Q.12.** (a) What are the circumstances in which Provisional Payments may be authorized? What is the responsibility of audit in regard to the regularization of such payments?

**(4 Marks)**

- (b) In the absence of a Brigade Commander on leave, the officer performing his duties exercises his financial powers also. Can this be accepted in audit? Give authority in support of your answer.
- (4 Marks)**

- Ans.** (a) Provisional payments may be made in exceptional circumstances in anticipation of the receipt of the sanction of the appropriate authority or of additional allotment of funds to cover the expenditure.

Cases may arise where sanction of the appropriate authority exists and funds are available, yet a final payment cannot be made to the parties concerned, whether Govt. employees or third parties, on account of lack of documentation, or lack of time for verification of the particulars, or for the completion of necessary audit requirements. In such cases the amount which is clearly payable may be paid to the parties after satisfying that no overpayment or breach of rules would be involved thereby. The payment so made are also to be treated as 'provisional payments'.

The finalization of all provisional payments will be watched in audit through the medium of a register and cases where such payments remain unadjusted or not finalized for long periods should be brought to the notice of higher administrative authorities for immediate action.

**(Auth: Para 53 and 54 Defence Audit Code)**

- (b) The exercise of financial powers by the officer performing the duties of Brigade Commander while the latter is on leave can be accepted in audit as per the provisions of Reg.65, clause (d) of Fin. Regulations Part I Vol.I

- Q.13.** (a) When can advance payments to suppliers be made? What are the safeguards to be observed in this regard?
- (4 Marks)**

- (b) Briefly state the procedure to be followed for incurring expenditure in excess of the total grant authorized by Parliament for the financial year?
- (4 Marks)**

- Ans.** (a) Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:
- (i) Advance payment demanded by firms holding maintenance contracts for servicing of air-conditioners, computers, other costly equipment, etc.
  - (ii) Advance payment demanded by firms against fabrication contracts, turnkey contracts, etc.

Such advance payments should not exceed the following limits:

- (i) Thirty percent of the contract value to private firms;
- (ii) 40% of the contract value to a State or Central Govt. agency or a Public Sector Undertaking;
- (iii) In case of maintenance contract, the amount should not exceed the amount payable for 6 months under the contract.

Ministries or Departments of the Central Govt. may relax, in consultation with their Financial Advisers concerned, the ceilings mentioned above. While

making any advance payment as above, adequate safeguards in the form of bank guarantee, etc., should be obtained from the firm.

**(Auth: Para 159(1) GFR)**

- (b) No expenditure shall be incurred which may have the effect of exceeding the total grant or appropriation authorised by Parliament by law for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund.

**(Auth: Rule 52(3), GFR)**

- Q.14.** (a) How will you classify an addition and alteration to an existing work-whether as an original work or as repair?

**(4 Marks)**

- (b) What is a Military Receivable Order? How many copies of it are generally prepared?

**(4 Marks)**

- Ans** (a) An addition and alteration to an existing work shall be regarded as an original work, as per Rule 123, GFR.

**(Auth: Rule 123, GFR)**

- (b) Except in the case of earnest money deposits, cash tendered at a treasury or the Bank by an officer of the Defence Services must be accompanied by a MRO in duplicate issued by an officer authorized in this behalf under Rule 468 of the Central Treasury Rules. Only MRO accompanying remittance by Headquarters, British Gurkhas in India are made out in triplicate.

**(Auth: Rule 467 Central Treasury Rules)**

- Q.15.** (a) What happens to a sanction for expenditure which has not been acted upon for a year?

**(2 Marks)**

- (b) What should be the minimum number of firms to whom a Limited Tender Inquiry is issued?

**(2 Marks)**

- (c) How will you arrive at the date of effect of an order issued by the Govt. of India when it does not mention any such date?

**(2 Marks)**

- (d) After receiving several bids as a result of a Limited Tender Inquiry, the competent financial authority feels that a price negotiation is necessary. Can he carry out such a negotiation with all the firms who have submitted quotations?

**(2 Marks)**

- Ans.** (a) As per Reg.70, Financial Regulations, Part I, a sanction for any fresh expenditure which has not been acted upon for a year lapses unless it is specifically renewed, except in the case of:

(i) An allowance, sanctioned for an appointment or a class of officers, not drawn by a particular incumbent or by a particular set of officers;

(ii) Additions made gradually from year to year to a permanent establishment under a general scheme;

(iii) An approved MES work. Fresh sanction is necessary, however, if work is not commenced within 5 years of the date of administrative approval.

**(Auth: Reg.70, Financial Regulations, Part I, Vol.I)**

(b) As per Rule 151, GFR, the number of supplier firms in Limited Tender Enquiry should be more than three.

**(Auth: Rule 151 GFR)**

(c) As per Reg.69, Financial Regulations, Part I, Vol.I orders of the GoI take effect from the date they bear, unless otherwise specified.

**(Auth: Reg.69 FR Pt.I Vol.I)**

(d) No. Negotiation can be carried out only with the lowest evaluated responsive bidder, as laid down in Rule 160(xii) GFR.

**(Auth: Rule 160(xii) GFR)**

**Q.16.** (a) What is the purpose of a 'Vote on Account'?

**(2 Marks)**

(b) What action should be taken in respect of budgetary grants not likely to be utilized during the financial year?

**(2 Marks)**

(c) Loss of stores valuing Rs.7000 has taken place in an Army unit. Recoveries to the tune of Rs.3000 have been effected from erring individuals. For the purpose of writing off the loss, what is the amount with reference to which the competent financial authority will be determined?

**(2 Marks)**

(d) Stores valuing Rs.30,000 issued by an Army unit to a contractor have become irrecoverable. Would you regard this as a loss of stores or as a loss of public money?

**(2 Marks)**

**Ans.** (a) The 'Vote on Account' normally covers the requirements for the month of April only. The purpose of a 'Vote on Account' is to keep the Govt. functioning pending the voting of the Demands for Grants for the full year. Expenditure on new services should not, therefore, be incurred before the grants for the full year are voted and the connected Appropriation Bills enacted.

**(Auth: Note below Reg.109, FR Pt I, Vol.I)**

(b) It is contrary to the interest of the state that money should be spent hastily or in an ill-conceived manner, merely to avoid the lapse of a grant. In the public interest, grants that cannot be profitably utilized should be surrendered.

**(Auth: Para 105, FR Pt I)**

(c) As per Note below Reg.160, FR Part I, Vol.I, the competent financial authority for regularization of a loss will be determined with reference to the gross loss. Hence, in the instant case, the competent financial authority will be determined on the gross loss of Rs.7000/-

**(Auth: Note below Reg.160, FR Pt.I Vol.I)**

(d) It will be regarded as loss of Public Money, in terms of clause (d) of Reg.164, FR Part-I, Vol.I

**(Auth: Reg.164, FR Pt.I Vol.I)**

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

**May, 2007**

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

Time Allowed: 3 Hours

Total Marks : 100

Note:-

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

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

- Q.1.** (a) Can the Cash Assignments be referred to as Letters of Credit? **(2 Marks)**
- (b) A Chief Engineer of a Zone authorises one of his Garrison Engineers to draw the Cash Assignment of Rs.120 lacs in the month of August, 2006. The amount is within his budget allotment. Will the bank pay? **(2 Marks)**
- (c) The formation Hqrs. of a Division is inundated with water on account of breach in the river. The Divisional Commander orders CWE to immediately undertake minor works worth Rs.1 lac without waiting for written orders/formal sanction of the CFA. The AAO GE refuses to pay bills on grounds of lack of competence of the orders of the Divisional Commander and lack of funds. Comment. **(5 Marks)**

- Ans.** (a) The Cash Assignments can also be referred to as Letters of Credit as it authorises a Treasury or a bank to make payments to a Disbursing Officer, in favour of whom Cash Assignments have been placed, upto the limit specified therein.  
**(Auth: Para 194 Defence Accounts Code)**
- (b) Only the CDA and other officers as authorized by the Controllers may place Cash Assignments. Therefore, a Cash Assignment placed by the Zonal Chief Engineer will not be honoured by the Bank.  
**(Auth: Para 194 Defence Accounts Code)**



- (c) In case of contingencies of such a nature any local Commander can order the works to be undertaken under para 11, if reference to the appropriate CFA entails dangerous delay. The question of lack of competence does not arise. However, all such orders should be given in writing. Funds can be provided for subsequently.

**(Auth: Para 11 Defence Works Procedure 1986)**

- Q.2.** (a) What are the departmental charges levied on the deposit or the agency works?  
**(5 Marks)**
- (b) Can departmental charges be reduced or remitted by the CWE?  
**(4 Marks)**

- Ans.** (a) Whenever agency services or deposit works are carried out by the MES, departmental charges will be levied at the rates shown in Table H. These charges are in addition to the cost of work done and stores and materials supplied and are intended to cover:
- (i) Cost of normal MES supervising establishment, including storage and incidental charges.
  - (ii) Use of T&P normally held by the MES.

Audit and any other charges that may be prescribed by the Govt. of India i.e. pensionary charges. No item of expenditure will be excluded from the levy of departmental charges on the pleas that it involved little or no supervision or expenditure on T&P.

**(Auth: Para 310 MES Regulations)**

- (b) In special cases E-in-C with the concurrence of the Financial authorities may reduce or remit departmental charges on a deposit work costing upto Rs.2000/-.  
**(Authority: Para 310 MES Regulations)**

**Q.3.** What action is required to be taken in the following cases:

- (a) After Construction Account has to be closed, an omission in debiting an expenditure voucher of Rs.100 comes to notice?  
**(5 Marks)**
- (b) A Construction Account has to be closed, but there are some unpaid wages pertaining to the work.  
**(2 Marks)**
- (c) Stores are found surplus to the requirement of a project which are also not required for any other project or service for the next 24 months.  
**(2 Marks)**

- Ans.** (a) A note of the error only be made.  
**(Auth: Note under Para 291 UAM)**

- (b) Liabilities against the unpaid wages have to be booked in the construction account.  
**(Auth.Paras-522 MES)**

- (c) Stores will be disposed off and proceeds credited to the works.  
**(Auth: Para 776-778 RMES)**

**Q.4.** Will a loss statement be necessary in the following:

(a) An Operational Commander ordered execution of urgent defence work costing Rs.6 lac. However, due to cessation of hostilities the work was abandoned as no longer necessary. An amount of Rs.3.00 lac had already been incurred on the work.

**(2 Marks)**

(b) A crane in an MES Workshop costing Rs.2.00 lac became unserviceable due to fair wear and tear.

**(3 Marks)**

(c) A consignment of MES stores costing Rs.20,000 was lost in transit due to pilferage. A claim was preferred against Railways, which was rejected by them.

**(4 Marks)**

**Ans.** (a) Yes. Infructuous expenditure caused by abandonment of project should be formally sanctioned as a loss by the CFA.

**(Auth: Paras 377 & 607 MESR)**

(b) No loss statement is necessary as it is depreciation and not an actual loss. The loss due to depreciation will be written off by Engineering authority under powers laid down in item 7 of Table 'B' on a simple expense voucher.

**(Auth: Paras 591(b)(ii) & 603 MESR)**

(c) Yes. A loss statement is necessary. Loss in transit will be treated in the same way as loss in stock.

**(Auth: Para 593&754 of the MES Regulations)**

**Q.5.** Are the following in order:

(a) A CWE fixes a Star Rate after the expiry of the period covered by the contract.

**(2 Marks)**

(b) An approved work is commenced 6 years after the date of Administrative Approval.

**(3 Marks)**

(c) A GE pays an advance of Travelling Allowance in an urgent case from the Cash Assignment.

**(4 Marks)**

**Ans.** (a) Yes, this is in order. A CWE can fix Star Rates relating to any contract either accepted by him or by any higher authority.

**(Auth: Para 439 RMES)**

(b) No. This is not in order. If an approved work is not commenced within 5 years of the date of administrative approval, fresh approval must be obtained.

**(Auth: Para 142 of the RMES)**

(c) Yes, this is in order. However, advance of travelling allowance is normally to be demanded from CDA. But in urgent cases, payment can be made from cash assignment. Demand intimation is to be sent immediately to CDA.

**(Auth: Para 575 of the RMES)**

**Q.6.** (a) A project is administratively approved for Rs.20 lakhs. The contract is accepted at Rs.16 lakhs. What action should be taken by the CDA's office during contract scrutiny?

**(5 Marks)**

(b) In the above contract, the scope of work is also reduced for administrative reasons. What effect will this have on the administrative approval?

**(4 Marks)**

**Ans.** (a) The accepted contract has reduced the cost of the project below the amount of administrative approval by an amount exceeding 15%. CDA's office should ask the CWE/CE within whose powers of technical sanction the work falls, for a reduction statement for this amount, which in this case is Rs.1,00,000/-.

**(Auth: Para 30(b), Defence Works Procedure, 1986)**

(b) Administrative approval need not be revised but approved amounts for the abandoned items of AA and the total approved amount will be reduced by the CWE/CE. Details of reductions should be sent by the GE to CDA.

**(Auth: Para 34, Defence Works Procedure, 1986)**

## **SECTION II**

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

**Q.1.** (a) What action will the LAO take if receipted copy of Issue Voucher ('B' copy) is not received by the consignor for over three months from the date of issue of stores?

**(4 Marks)**

(b) What criteria should the SO(A)/AAO follow while settling objections under powers delegated to him?

**(4 Marks)**

**Ans.** (a) Where the copy of the issue voucher ('B' copy) is not received by the consignor unit for over three months from the date of issue of stores, the consignor's local audit staff will, during their visit to the unit for audit, collect an extra copy of each of such issue vouchers and schedule them to the consignee's LAO, under a separate top list after pairing it with the 'E' copy of the voucher held by him. Particulars of all such cases in which an extra copy of such vouchers have been obtained and scheduled to the consignee's LAOs in the above manner should be brought to the notice of higher administrative authorities for investigation and necessary action under intimation to the PCDA/CDA.

**(Auth: Para 61 ALAM Part I Vol.I)**

(b) While settling objections under powers delegated to him, an SO(A)/AAO should be personally satisfied that the point of objection has been suitably answered, audit requirement has been fully completed and there is no defect or lacuna in the system and procedure. He should record the reasons for the settlement of an item in the office copy of settlement memo. However, objections personally raised by the LAOs shall not be settled by AAOs/SO(A)s.

**(Auth: Note 1 under Para 7 of Appendix 'B' referred to in Para 61 ALAM Part I Vol.I)**

- Q.2.** (a) What is the purpose of inspection of Public Fund account by LAO? **(3 Marks)**
- (b) In a unit, the LAO notices that accounts and registers are missing and cash accounts are in an unsatisfactory state. What should he do? **(2 Marks)**
- (c) In another unit, the LAO finds the accounts in a state of confusion. To whom should he report? **(3 Marks)**

- Ans.** (a) The main objects of inspection of public fund accounts are:
- (i) To ensure that all prescribed accounts and documents are maintained;
  - (ii) To ascertain that the accounts are maintained strictly in accordance with the regulations and orders.
  - (iii) To see that all the transactions between individuals and the funds other accounts can be easily traced and correctly tallied.
  - (iv) To ensure that all moneys (including cheques and government drafts) relating to public funds have been duly accounted for and expended in conformity with regulations.
- (Auth: Para 5 ALAM Part I)**
- (b) The LAO should bring to the personal attention of the personal attention of the CDA through a Special Report all these cases. **(Auth: Para 17 ALAM Part I)**
- (c) If the accounts of a unit are in a state of confusion and require detailed examination or recasting, the LAO should promptly bring this to the notice of the CDA with full particulars so that the orders of the CDA may be obtained for recasting the same, in extreme cases, if considered necessary by the CDA. **(Auth: Para 23 ALAM Part I)**

- Q.3.** (a) In one of the units, LAO called for the records of local purchases i.e. documents calling for tenders, comparative statement of tenders, Supply Order etc. for local purchase of stationary items. The C.O. of the unit explained to the LAO that these documents have already been audited by the CDA. Please comment. **(4 Marks)**
- (b) During cash inspection of Public Fund in a unit, the LAO also carried out actual counting of cash of the Imprest Account held by the unit. Please comment. **(4 Marks)**

- Ans.** (a) No audit or examination of the Accounts or any enquiry into the matter, which is the duty of the main office of the CDA to deal with, will be undertaken by the LAO unless especially instructed by the CDA to do so. While refraining from encroaching on the functions of the main office LAOs are expected to give prima facie advice and reasonable help to Commanding Officer on matters connected with accounts, when such advice or help is sought or to refer the officer to CDA for orders or instructions when matters relate to audit points ordinarily dealt by that office. **(Auth: Para 21 ALAM Part II)**
- (b) The LAO is ordinarily not required to verify the Cash balances of those units and

formations whose accounts are subjected to audit by Regimental Audit Boards; but he will invariably see that the prescribed counting of cash has been done by the board and a certificate to that effect is also recorded by the Board. In cases, however, where he considers that the State of Accounts of a particular unit is unsatisfactory, or where cash balances are found to be heavy, he should invariably verify the cash balance of all Public Fund Accounts including imprest accounts by actual counting.

**(Auth: Note below Para 34 ALAM Part II)**

**Q.4.** (a) The LAO insists on carrying out stock verification of stores in doubtful cases. Comment.

**(4 Marks)**

(b) What is 'E' copy? What additional information is available on 'E' copy which is not available on 'D' copy?

**(4 Marks)**

**Ans.** (a) The LAO can carry out stock verification only with the prior concurrence of the CDA where the LAO has sufficient grounds to doubt the accuracy of the verification. An intimation to this effect will be sent by CDA/LAO to the CO of the unit/formation who will make suitable arrangements for verification of the stock by the LAO.

**(Auth: Para 84 & 85 ALAM Part I Vol.I)**

(b) Copy No.'D' and 'E' are sent by the consignor to his LAO, who pairs the two copies, retains 'D' copy and passes on the 'E' copy to the consignee's LAO to facilitate credit verification at the consignee's end. The dispatch particulars are given only in 'E' copy.

**(Auth: Para 40 ALAM Part I Vol.I)**

**Q.5.** Please give audit comments on the following:

(a) A civilian patient was admitted in the Military Hospital for a period of one month and amount recovered from him was used by the Commandant for buying certain medicines urgently required but not received from a regular source of supply.

**(5 Marks)**

(b) An LAO on his visit to a Military Hospital was informed that the POL accounts could not be produced for his verification as the hospital was located in the field area.

**(3 Marks)**

**Ans.** (a) When civilian patients are admitted, the hospital stoppages will be recovered from them in cash at the rates prescribed from time to time, by the Officer Commanding the Hospital, and the amounts realised will be paid by him into the nearest civil treasury for credit to the Defence Services Estimates by means of a Receivable Order. The Officer Commanding will include the names of the patients in the hospital stoppages rolls which will be rendered to the Controller of Defence Accounts in whose audit area the hospital is situated along with the treasury receipt for necessary adjustment. Therefore, purchase of medicines by the CO from the patient recoveries made by the CO of the hospital is not in order.

**(Auth: Para 164 Store Accounting Instructions for the Army)**

(b) Individual fighting units including GT coys in an operational/field and other areas

notified as such in government orders are not required to maintain detailed accounts for vehicles and POL under para 52 of Accounts Manual (War). However, supply depots, and the static formations like hospitals, reinforcement camps, etc. as distinct from fighting units in the field areas with mechanically propelled vehicles on charge will maintain regular POL accounts as given in para 133 subject to audit checks by LAOs. Therefore, the plea of the CO for not maintaining the POL accounts and not producing the same to the LAO is not in order.

**(Auth: Para 150 of Store Accounting Instructions for the Army)**

**Q.6.** (a) How are the stores held by a unit returning from the field on War System of Accounting brought to account in a peace station?

**(5 Marks)**

(b) A Signal Company has received orders to move from peace station to field station at a short notice. How will the objections against this unit be pursued?

**(2 Marks)**

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

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

(ii) all consumed rations have been properly brought to account in the units ration return (IAFS-1519)

**(Auth. Para 312(b) of ALAM Part I)**

(b) Special steps will be taken by personal discussions 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 CDA for necessary action.

**(Auth: Para 312(a) of ALAM Part I)**

**Q.7.** (a) How is joining leave adjusted in case of newly Commissioned Army Officer?

**(4 Marks)**

(b) An Army Officer proceeds on 60 days annual leave after availing of Study leave. Comment how his Pay and Allowances will be regularized?

**(4 Marks)**

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

**(Auth: Para 139(xiv) of the Office Manual Part IX)**

(b) Study leave cannot be combined with any other kind of leave, hence grant of leave is irregular and entails deduction of Pay and allowances.

**(Auth: Para 143(v) of the Office Manual Part IX)**

**Q.8.** (a) How is it ensured that all the Part-II orders issued by a unit are adjusted in the IRLAs?  
**(4 Marks)**

(b) What action is required to be taken by a PAO(ORs) if a soldier is paid advance in excess of his normal entitlements?  
**(4 Marks)**

**Ans.** (a) A separate file will be maintained for each unit by the ledger task holders for recording the Pt.II orders. The proforma on IAFF 3030 will be pasted in the inner front cover of the Pt.II file and continuity of serial number should be watched.  
**(Auth: Para 223 of the Office Manual Part X Vol I)**

(b) Any overpayment of pay and allowances and errors in castings in respect of previous periods but coming to light at a later date should be brought to the notice of the paying officers immediately on detection with a view to cash payments being restricted and not held over till the issue of next quarterly statement of accounts.  
**(Auth: Note 1 under Para 279 of the Office Manual Part- X Vol I)**

**Q.9.** (a) How is it ensured by PAO(ORs) that not more than one IRLA is maintained for one soldier?  
**(3 Marks)**

(b) What is a Real Debit Balance in an IRLA? How will you deal with such cases?  
**(3 Marks)**

(c) What are the different documents you will look for before you finally settle the accounts in an IRLA?  
**(2 Marks)**

**Ans.** (a) An index card on IAFF-1098 showing the regimental number/Army number, rank, name, unit in the respective ledger group and task will be maintained for each individual in the payment of the PAO to ensure that only one IRLA is maintained for a soldier. All units and formations will submit nominal rolls in the prescribed form in respect of personnel borne on their strength as on 1st October each year. These nominal rolls will be utilised among other things to ensure that no duplicate IRLA exists in the PAO.  
**(Auth: Para 137 & 292 of the Office Manual Part X Vol.I)**

(b) The real debit balance is one which arises due to payment of an unauthorised advance or advances not at all covered by a soldier's normal entitlements or by any special order. Each such case will be examined to see that it is real and it should be ensured that it is immediately reported to the OC, unit to regulate future payments. These should also be matched to see that subsequent payments are actually restricted. All such cases should also be reported quarterly to the main office by the PAO concerned.  
**(Auth: Paras 278 to 280 of the Office Manual Part X Vol.I)**

(c) 1) Sheet Roll, 2) IAB-64, 3) Gratuity claims, if there be any, 4) FA roll, 5) Loss statements, if any and 6) Final Settlement proforma.  
**(Auth: Para 156&182 of the OM Part X Vol.I and Rule 157 FR Pt.II)**

**Q.10.** (a) An Army Officer was posted at a station where he was entitled to the High

Altitude Allowances. Will he be entitled to draw the same while he is attached for ten days with a unit located in a non-entitled area?

**(3 Marks)**

(b) Will you admit Para Reserve Pay to an Army Officer who is a trained parachutist and is transferred to Para Reserve having two years service in a para unit?

**(3 Marks)**

(c) Will you admit Separation Allowance to an officer proceeding on annual leave of one month from the concessional area?

**(2 Marks)**

**Ans** (a) If an Army Officer is posted in a unit where he is entitled to draw the High Altitude Allowance, he will continue to draw the same unless his attachment to a non-entitled area exceeds 14 days. In this case since the attachment was only for ten days, he is, therefore, entitled to draw the High Altitude Allowance during the period of ten days of attachment even in a unit located in an area not entitled for payment of HAA.

**(Auth: Para 129(b) IV of the Office Manual Part IX CDA(O))**

(b) Transfer of trained parachutists to Para Reserve is notified in Army Headquarters letter and in Part II Order subsequently. Part II Order will be linked with the Army Headquarters letter to see that the officer is having a minimum of three years service in a Para unit as a trained parachutists. As in this case, the officer was having only two years service as trained Parachutists he may therefore, not be transferred as Reserve Parachutists. Para Reserve pay will not be payable to him.

**(Auth: Para 132 of the Office Manual Part IX CDA(O))**

(c) If an Officer leaves the concessional area on annual leave, the allowance will be stopped from the date of his leaving the concessional area. Therefore, in this case, the officer is not entitled to the payment of Separation Allowance from the day he leaves the concessional area.

**(Auth: Para 130(b) of the OM Part IX CDA(O))**

**Q.11.** (a) Certain government dues were pending against a Defence Civilian government employee who proceeded on superannuation. These dues were intimated by his Head of the Office to the PCDA(Pen), Allahabd. Can PCDA(P) recover such dues from the retirement gratuity of the retired government employee?

**(4 Marks)**

(b) Is death gratuity admissible in following cases in respect of civilian government employees to:

(i) Widowed step daughter

**(2 Marks)**

(ii) Step brother of 15 years of age

**(2 Marks)**

**Ans** (a) The demands on account of Government dues outstanding against the individual as intimated by the Head of the Office of Pay Audit Officer will be recovered from the provisional retirement gratuity. It may be noted that such demand can be recovered from the pensioner without obtaining his consent vide GoI, Ministry



of Finance OM No.F 51(13)-EV/58 dated 2.9.1959. Recoveries from the death-cum-retirement gratuity of any amounts due by government servant to an outside body, like a co-operative society can be made after obtaining the consent of the pensioner in writing after the gratuity has become due for payment.

In view of the above position, the government dues intimated by the head of the office can be recovered from the gratuity of the employees.

**(Auth: Para 21(d) OM Pt.IV Vol.I Grants (Civil) Section)**

- (b) (i) Widowed step-daughters of the civilian government employees can be nominated for the payment of death gratuity by the civilian government employees.

**(Auth: Para 90(i)(d) OM Pt.IV Vol.I Grants (Civil) Section)**

(ii) The claimant can validly nominate the brothers below the age of 18 years and unmarried and widowed sisters including step brothers and step sisters. Therefore, in this case since the step brother is of 15 years of age, he can be nominated for payment of the death gratuity.

**(Auth: Para 90(i)(c) OM Pt.IV Vol.I Grants (Civil) Section)**

**Q.12.** Comment on the following:

- (a) An officer, who retired after rendering 15 years of service, applies for retirement gratuity.
- (b) How the retiring pension of a commissioned officer is fixed?
- (c) Can PCDA(P) sanction disability pension to a Commissioned Officer who was invalidated out of service for causes, which are neither attributable to nor aggravated by service factors?

**(3 Marks)**

**(3 Marks)**

**(2 Marks)**

- Ans** (a) The officer is not entitled to retirement gratuity. An officer who retires after rendering 10 years but less than 20 years service is eligible for service gratuity only.

**(Auth: Para 40 of the Office Manual Part IV Vol.III)**

- (b) The retiring pension of a Commissioned Officer is fixed on the basis of the rank actually held continuously for at least two years before retirement regardless of the fact whether it was held in substantive or paid acting rank.

**(Auth: Para 19 of the Office Manual Part IV Vol.III)**

- (c) The PCDA(P) cannot sanction disability pension to a commissioned officer invalidated out of service on account of causes which are neither attributable to nor aggravated by service factors

**(Auth: Para 48(iii)(2) of the Office Manual Part IV Vol.II)**

## **SECTION III (Factories Portion)**

**Q.1.** What is Guarantee Pay? To whom is it paid? Explain the basis of calculation of Guarantee Pay?

**(2+2+4=8 Marks)**

**Ans** (a) When the Piece Work Earnings of an Industrial Employee falls below the level of his Nominal Time Wages, he will be remunerated to the extent of his monthly time wages and this kind of remuneration is called as Guarantee Pay.

Unskilled, Semi-skilled and Skilled piece workers are only entitled to Guarantee Pay.

Guarantee Pay of a Piece Worker is calculated by deducting his P.W.E. and O.T. Bonus from his Nominal Time Wages, Incremental Difference and OTP, if any.

Incremental Difference is calculated on the basis of difference between the Basic Pay and the Minimum Pay and the attendance of the worker.

**(Auth: Para 154 of the Office Manual Part VI,Vol.I)**

**Q.2.** What is SHIS? What audit checks are conducted therein by the Accounts Office?

**(4+4=8 Marks)**

**Ans** This is a document through which the store holder indicates his inability to supply a store, when the stock has gone below the fixed limit so that necessary arrangements can be made to replenish the stock. SHIS is prepared only when the stock of particulars item is not enough to meet the production target. On receipt of the SHIS, the Accounts Office will examine all the aspects therein and check the correctness of demand with reference to the available closing balances in the PSL maintained in Accounts Office and concur in the same after satisfying itself of the necessity of procurement. A register is maintained in the AO showing date of receipt of SHIS, its number and date, value of stores etc. SHIS for value costing one lakh and more are invariably be checked. The Register is submitted to SAO/AO in the first week of each month.

**(Auth: Para 349 &350 of the Office Manual Part VI,Vol.I)**

**Q. 3.** What is OT Bonus? How is it calculated in Ord Fys as per Departmental Rules?

**(4+4=8 Marks)**

**Ans** For Cost Accounting purposes the OT Allowance is split up into OT Pay & OT Bonus. P/200 of each hour of OT has been construed to mean OT Pay & extra payment more than P/200 for each hour of OT is treated as OT Bonus.

The extra payment of OT hours for work beyond normal working hours i.e 09 hrs a day or 48 hrs in a week will be calculated as DA+CCA divided by 200, for each hour of OT for DAY workers will represent OT Bonus under Dept. Rules.

**(Auth: Para 197&200 of the Office Manual Part VI,Vol.I)**

**Q.4.** What is Manufacturing Warrant? What is Material Warrant? From which documents are they prepared? What information is contained in them?

**(2+2+2+2=8 Marks)**

**Ans.** Manufacturing Warrant is the authority to a shop to undertake production.

Material Warrant is the authority for a shop to draw Material to undertake Production.

Manufacturing Warrant and Material Warrant are prepared for Labour and Material details respectively, as provided in the Estimate.

In Manufacturing Warrant, operations required for conversion of raw materials to finished goods are shown section-wise. The Manufacturing Warrants are floated for each section separately. The other information available in the same are: (i) Ordered quantity (ii) Extract No. (iii) Estimate No. etc.

In Material Warrant, item-wise Material required for the manufacturing process are shown with Authorized Quantity, land Folio No. The other information contained in the same are Ordered quantity, extract No., estimate No. etc. like in the Manufacturing Warrant.

**(Para 621 of OM Pt.VI,Vol.II)**

**Q. 5.** How are Rejections in manufacture dealt with in the Accounts of Ordnance Factories?

**(8 Marks)**

**Ans.** Rejections in manufacture in Ord. Fys are broadly divided into two categories (a) Avoidable Rejections and (b) Unavoidable Rejections. Rejections inherent in the manufacturing process of an article are provided in the Standard Estimate itself. Rejections up to the percentage provided in the estimates are unavoidable or normal rejections, whereas the Rejections beyond them are known Abnormal or Avoidable Rejections.

The Cost of Rejections up to the percentage authorized in the Standard Estimates are included in the Cost of Production and those beyond the same are excluded from the Cost of Production and shown and regularized as Loss. In respect of part completed warrant, cost of rejection up to the prescribed percentage limit may be merged with the work in progress and the regularization done later. In respect of ad hoc jobs for which no Standard Estimate exists, the normal procedure prescribed for regularization of loss is followed.

**(Auth: Para 679 of the Office Manual Part VI,Vol.II)**

**Q. 6.** What is Piece Work Card? How it is paid? What is Allocation Sheet?

**(3+2+3=8 Marks)**

**Ans.** The PW Card is the document through which the earnings of a Piece Worker is calculated. The Piece Worker may be Individual Piece Worker or Gang Piece Worker.

After completion of production and its certification as acceptable, the PW Cards are prepared by the shops claiming payment at the authorized rates for each article. The PW Cards shows:

- i) Ticket Number of the Individual Piece Worker or the Gang Piece Worker who has prepared the job.
- ii) Work Order Number and Warrant Number
- iii) Description of the Work performed.
- iv) Quantity accepted.
- v) The Rate at which Payment is due.

The PW Cards are received in the AO and are checked with the AO's copy of the Manufacturing Warrant to check that the quantities paid for are covered by the Manufacturing Warrant or not and rates claimed are correct. The PW Cards are then priced indicating the total Labour value on each card. All the PW cards in a month are summarized and the total payment due on such cards are arrived at. This amount is the Total Direct Labour cost of the Factory during that month.

**(Auth: Para 143&145 of the Office Manual Part VI,Vol.I)**

Allocation Sheet: For the workers who are continuously engaged on the same job through out the month, the shop prepares a monthly Allocation Sheet for Indirect Workers only.

The Allocation Sheet received from the shop for the month are priced by the AO by apportioning the Total Time Wages earned by each worker, between various jobs performed by him.

**(Auth: Note below Para 143&224 of the Office Manual Part VI,Vol.I)**

**Q.7.** What is Nominal Voucher? When is it issued? How are such vouchers accounted for?

**(3+2+3=8 Marks)**

**Ans.** Nominal Vouchers are issued by the Fy Management for nominal transactions, which are distinct from regular Store or Production transactions. This voucher is issued for very limited and essential purposes.

The following categories of transactions may be documented through Nominal Vouchers:

- i) Stores received on loan basis
- ii) Stores wrongly received
- iii) Stores returned by the party to whom the same were issued on loan or assistance
- iv) Stores received for repair or processing
- v) Stores received as samples for test.

The Nominal Vouchers are accounted for as:

- a) Nominal vouchers are posted in Bin Cards.
- b) These are not brought as charge of store, neither are they struck off from Ledger.
- c) They are not posted in PSL.
- d) For contract purpose, a Loan Register is maintained by the Ord Fy and the same is verified in local audit.

**(Authority: Para 489, 490, 491 of OM Pt. VI,Vol.I)**

**Q. 8.** Write a brief on Development Expenditure.

**(8 Marks)**

**Ans.** When manufacture of a new item involves expenditure of developmental nature, the same is treated as Development Expenditure.

The following procedure is followed to account for this item:-

- i) OFB, in consultation with its Finance Division will issue an Extract enfacing the work 'Development' in it.

- ii) A Development Work Order is allotted to each item. The development work is generally divided into three stages: viz. (a) Manufacture of Pilot Batch (b) Establishment of Batch Production having scope for further improvement in technique or manufacturing matters (c) Final establishment of manufacture.
- iii) Separate Warrants are issued to mark to completion of each stage of development.
- iv) Articles which are successfully manufactured at stage (a) and (b) above are costed at estimated rates in consultation with the Fy. Management.
- v) The value so arrived at, is then transferred to the regular Out Turn Work Order for the item by crediting the Development Work Order.
- vi) The net development expenditure incurred a stage 2(b) for each item is charged to the cost of subsequent production of the item at the rates fixed by the Fy. Management. The rates are so fixed that the same can be fully absorbed within a period of seven years.
- vii) The balance of development expenditure remaining to be charged at the end of each year is shown as Kept Out of Production in the Production Account of the Ord. Factory.

**(Authority: Para 7 of Appendix 'A' OM Pt. VI Vol. II)**

**Q.9.** How is it ensured by the A.O. that all materials received from external sources are brought on charge during the course of a month and are also accounted for in the same month?

**(8 Marks)**

**Ans.** Receipt Vouchers are prepared by the Fy. Management for all Stores that entered the Fy. premises. These are given serial numbers. The Fy. Management sends a Skeleton List every month, indicating the first and the last no. of Receipt Vouchers under categories pertaining to the previous month. The AO will watch the receipt of the voucher through the medium of a Register of 'S' vouchers known as Priced Store Schedule. All these vouchers will be posted in the ledgers. At the end of the month, vouchers not received with reference to the skeleton list will be called for from the Fy. Management and accounted for in the same month.

**(Auth: 410, 411 of OM Pt. VI, Vol. I)**

**Q.10.** What journal entries will be made in the Principal Ledger in respect of the following transactions:

**(4 x 2=8 Marks)**

- (a) Unclaimed Wages remained unpaid on 31st March of the current year amounting to Rs.50,000?
- (b) Machine purchased from new Capital Grant for Rs. One lakh.
- (c) Custom Duty allocated to Cost of Stores for Rs.10,000.
- (d) Direct Material issued to shop less return for Rs.4,00,000.

**Ans.** The following journal entries will be made in Principal Ledger:-

- |                              |             |             |
|------------------------------|-------------|-------------|
| (a) Wages A/c Dr.            | Rs.40,000/- |             |
| To Outstanding liability A/c |             | Rs.40,000/- |

**(Auth: Debit item No.4(c) of Wage of Annexure-B as referred to Para 840 OM Pt. VI, Vol. II)**

- (b) Capital Assets A/c Dr. Rs.1,00,000/-  
 To Capital Outlay A/c Rs.1,00,000/-

(Auth:Debit item No.5 of Annexure-B of Capital Assets A/c as referred to Para 840 OM Pt. VI Vol.II)

- (c) Store A/c Dr. Rs.18,000/-  
 To Custom Duty A/c Rs.18,000/-

(Auth:Credit item No.2 of Annexure-B Custom Duty as referred to Para 840 OM Pt. VI Vol.II)

- (d) Work in Progress A/c Dr. Rs.4,00,000/-  
 To Store A/c Rs.4,00,000/-

(Auth:Credit item No.5 of Store A/c of Annexure-B as referred to Para 840 OM Pt. VI Vol.II)

**Q.11.** What is a Supply Order? What points are to be seen in the audit of a Supply Order?  
**(2+6=8 Marks)**

**Ans.** An Indent placed by the General Managers on vendors for supply of materials is known as Supply Order. GMs have been vested with full powers for placing of demands on Central Purchasing Authorities. Demand Sheets together with relevant documents are received in AO for pre-audit. The Estimated Cost as noted in the Indent will be checked to ensure that the total value of demands is assessed correctly. In respect of specified items for which indents are to be placed by OFB (like imported items), the post-audit comment are intimated to the GM under advice to OFB and Fin. Div. In cases, considered expedient by LAO, a copy of the report may be forwarded to CDA for advance information and necessary action bringing out the special and unusual features of the provision proposed warranting special attention and action.

(Auth: Para 352 & 353 OM Pt. VI Vol.I)

**Q.12.** What is Capitalization of Tools? How is it done in Ordnance Factories?  
**(2+6=8 Marks)**

**Ans.** Tools costing less than Rs.25,000/- are treated as Revenue items and the Expenditure on such tools are treated as Variable Expenditure and charged to Production accordingly. Tools being charged, more than Rs.25,000/- are required to be capitalized. This means that such tools will be treated at par with other capital assets and will be Depreciated with the applicable rates.

When tools are capitalized, the following norms to be adhered:

- i) These should be class-V Extract.
- ii) Fund should be available.
- iii) M series vouchers should be prepared.
- iv) Vouchers will be priced and noted in Block Register.
- v) Value of Tools will be amortized.
- vi) Stock verification is carried out.

(Auth: Para 810 & 812 OM Pt. VI Vol.II)

## SECTION IV (Air Force Portion)

- Q.1.** (a) Prime Minister of Sri Lanka is flown in IAF aircraft from New Delhi to Jaipur. The expenditure is to be borne by the Ministry of External Affairs for the flight. What is the document through which CDA(AF) is informed of this occurrence? Who will raise the bill? How will the recovery be effected?  
**(4 Marks)**
- (b) In the event of damage to aircraft due to enemy action, what documents and reports are required to be prepared?  
**(4 Marks)**

**Ans.** (a) IAF provides aircrafts to Central Govt Departments against Ad-hoc and standing sanctions issued by MoD. The instant case will be covered by Ad-hoc sanction. Recoveries for airlifts provided under Ad-hoc sanctions are normally arranged by Air Hqrs on the basis of Special Flight Returns prepared by units and submitted by them to Air Hqrs through their Command Hqrs with a copy of the return to CDA(AF) through LAO(AF). Air HQrs will assess the amount recoverable, prepare the bill, obtain acceptance of MEA and send an intimation to CDA(AF) Dehradun for claiming the recovery of charges from PAO/MEA.

In cases where recovery is effected in cash, Air Hqrs will send crossed cheques/demand drafts/Treasury challans to CDA(AF) Dehradun for adjustment in accounts.

**(Auth: Para 126 OM Pt. III and Para 206 of AFLAM)**

- (b) In this situation, matter has to be reported to the concerned provisioning sections of Air Hqrs. No casualty signal on Form (AO) 1241 is to be raised in such cases but a circumstantial report in the form of a letter is to be submitted giving a short account of the occurrence and the nature of duty on which aircraft was engaged. Air Hqrs. will advise disposal or strike off the aircraft.

**(Auth: Para 19 of Chapter 22 of IAF Equipment Regulations IAP-1501)**

- Q. 2.** Indicate four instances when loss statements for deterioration of explosives and ammunition will not be raised. Please also state how such losses will be regularised?  
**(8 Marks)**

**Ans.** The following are the instances when loss statements need not be raised:

- i) When ammunition and explosives are declared unserviceable on reaching prescribed age limit.
- ii) When ammunition and explosives are declared unserviceable after a proof test and confirmed by the Air Hqrs by issue of a 'Black List'.
- iii) When ammunition and explosives are sentenced to a lower category and confirmed by Air Hqrs. provided the Inspecting Officer certifies that the lowering of category is not due to unsatisfactory storage conditions.
- iv) When ammunition and explosives are unavoidably lowered in category brought about when working on the stores during normal repairs/inspection/modification by the authorised personnel.

The losses will be regularised under a conversion voucher (Q) 403 or Form (Q) 408.

**(Auth: Paras 102, 103, Chapter 22, IAF Equipment Regulations IAP-1501)**

**Q. 3.** Comment on the following:

(a) JWO Singh has been issued with a wrist watch for authorised use on aircrew duties.

**(4 Marks)**

(b) Vikram Rana, a pilot cadet has been issued hand towels on prepayment.

**(4 Marks)**

**Ans.** (a) Wrist watches for the use of entitled aircrew will be issued to the concerned Flight Commanders of different squadrons on their inventories. Watches for issue to Navigators under training will be held on the inventory charge of OC Navigation School. Thus issue of a wrist watch to a JWO will not be in order as he is neither a Flight Commander nor a Navigator under training.

**(Auth: Para 48 of Chapter 14, IAF Equipment Regulations IAP-1501)**

(b) Yes. The issue of handtowels on prepayment is in order vide item 22B/35.

**(Auth: Para 2 of Chapter 14, IAF Equipment Regulations IAP-1501)**

**Q. 4.** (a) What procedure is to be followed when bulk quantity of aviation fuel has been removed from an aircraft after use?

**(4 Marks)**

(b) There are chances of damage by contracting lead poisoning when issuing or receiving fuel which contains Tetra Ethyl-Lead. What kind of stores are authorised to be maintained in an Air Force Station/flight to facilitate protective measures?

**(4 Marks)**

**Ans.** (a) Aviation fuel removed from the aircraft may be reused in the aircraft at the discretion of the Chief Technical Officer. Fuel so removed should either be transferred to another aircraft through a filter or may be returned to Bulk/Pack storage. Form IAF(Q) 448 should be used to bring it on charge. Different grades of fuel will be properly segregated.

**(Auth: Para 131(b) of Chapter 29, IAF Equipment Regulations IAP-1501)**

(b) To obviate the chances of damage by contacting lead poisoning when issuing or receiving fuel which contains Tetra-Ethyl-Lead, towels and soap toilet are authorised to the individuals handling such fuel. A maximum of two towels per individual concerned is authorised on inventory charge by the Flight or Section Commander concerned. The Logistic Officer is to hold sufficient towels for the equipment assistants employed on petrol duties. Soap toilet for washing hands and face are demanded on requirement basis. Towels are washed at Govt. expense.

**(Auth: Para 16&17 of Chapter 29, IAF Equipment Regulations IAP-1501)**

**Q.5.** (a) What do you understand by arrears in audit? How are the arrears in local audit computed with reference to the periodicity of local audit?

**(4 Marks)**



- (b) What should be the action on the part of the LAO for expediting the settlement of local audit objections?

**(4 Marks)**

- Ans.** (a) Accounts audited quarterly but not audited within three months following the quarter of audit will be regarded as in arrears. Further Accounts audited half yearly but not audited within 6 months following the close of half year will be regarded as in arrears. Accounts audited yearly but not audited within 9 months following the period of annual audit will be regarded as in arrears.

**(Auth: Para 16, AFLAM)**

- (b) LAO will take up all outstanding objections and points of controversial nature and proceed with their settlement in personal consultation with the officers commanding of the unit or other officers concerned, where necessary. He will see that settlement of objections more than three months old is not delayed by units and will, where necessary report to Command Hqrs or other higher authorities with a view to obtaining their assistance in settlement thereof. Where he finds that there are no prospects of objections being settled, he will report the matter to CDA(AF).

**(Auth: Para 11(ii) of AFLAM)**

- Q. 6.** (a) What do you know about the procedure being followed for issued 'No Demand Certificate' in respect of retiring Air Force Officer?

**(4 Marks)**

- (b) Who maintains ADRs and what purpose do they serve?

**(4 Marks)**

- Ans.** (a) AOC AFCAO calls 'No Demand Certificate' from CDA(AF) as soon as retirement/release order of an officer is received by him. On receipt of call notice for NDC, all objections etc on TA claims/LTC/Form 'D' will be noted by the dealing clerk on a circulation slip for review by Audit Group concerned for intimating the latest position of these objections showing the monetary value where assessable. NDC will be issued on the basis of the outstandings given by the Audit Group on the circulation slip. Likewise for HBA, MCA, etc, the concerned section will be asked to intimate any outstanding dues from the officer. NDC will be issued with reference to the outstandings or otherwise given by the other sections. It has to be dealt with on priority basis.

**(Auth: Para 161(a) of Chapter IX, OM Part III)**

- (b) ADRs i.e. Audit-cum-Demand Registers are maintained in posting groups of TA Section to record particulars of advances paid to Air Force personnel including civilians and TA vouchers received in adjustment of advances or otherwise. This record helps in quick finalisation of 'No Demand Certificate' without going through various objection statements.

**(Auth: Para 144(i) of Chapter IX, OM Part III)**

- Q. 7.** (a) Can a CFA accord write off sanction without an audit report?

**(4 Marks)**

- (b) What are the various classes of issues made by IAF? To whom are the Class III issues made?

**(4 Marks)**

- Ans.** (a) Yes, so far as losses falling within the financial powers of COs of AF units are concerned, no audit report is to be obtained. However, losses falling beyond their powers cannot be sanctioned without any audit report by LAO(AF)/CDA(AF) as the case may be.

**(Auth: Para 126 and Note thereunder, AFLAM)**

- (b) Issues (including services) rendered out of IAF roughly fall under the following three classes i.e. Class I, Class II and Class III. Class III are issues to Army, Navy, MES Departments of Central Govt., State Govts, State Union Govts (i.e. Union Territories) and Army Ordnance Factories.

**(Auth: Para 2(c) of Chapter 8, IAF Equipment Regulations IAP-1501)**

**Q. 8.** What is the difference between Active and Inactive stores?

**(8 Marks)**

**Ans.** Stocks of IAF stores are segregated at stockholding depots as active and inactive stores.

Active stores include (i) all new equipment (ii) equipment in current use viz that on which there have been issues from the stockholding units/depots during past 3 years (iii) equipment which is no longer in current use but which may be required in an emergency and (iv) valuable and attractive items listed in Appendix 'F' to IAP-1501.

Inactive stores are stocks of (i) items excepting those of Airborne equipment pertaining to current aircraft, not in current use and on which there have been no issues for the past 3 years (ii) items already put up or to be put up for disposal including salvage and (iii) obsolete equipment/aircraft going out of service and their specific to type spares.

**(Auth: Item 4, Glossary of Terms, IAF Equipment Regulations IAP-1501)**

**Q. 9.** (a) What do you know about the various priority demands of Air Force?

**(8 Marks)**

- (b) How are the Group 'D' civilians (non-industrial) of AF units and formations paid their pay and allowances?

**(4 Marks)**

**Ans.** (a) The various priority demands are as under:

- (i) AOG (Aircraft on Ground)
- (ii) MOG(Missile on Ground)
- (iii) USR (Urgent Stock Requirement)
- (iv) URR (Urgent Repair Requirement)
- (v) IOR (Immediate Operational Requirement)

**(Auth: Para 23, Chapter 4 of IAF Equipment Regulations IAP-1501)**

- (b) No IRLAs are maintained for them. They are paid in arrears through Pay Bill-cum-Acquittance Rolls by IAF units out of their imprest accounts subject to post audit.

**(Auth: Para 31, OM Part III)**

**Q.10.** (a) A consignment received from abroad is despatched by Embarkation Headquarters to the consignee unit by rail and transit loss between Embarkation

Hqrs and the unit is attributed to railways but the railway does not accept the claim. As a result loss is regularised as cash loss. Is it in order?

**(4 Marks)**

- (b) Repair to an equipment is carried out in a workshop despite the fact that cost of repair is about 40% of the cost of new article. Comment.

**(4 Marks)**

**Ans.** (a) No. In such cases, loss will be regularised as a store loss in accordance with GoI MoD letter No.F.17/56/D(Budget) dated 9.1.1956 reproduced as Appendix to AFO 29/74.

**(Auth: Para 124(B) of AFLAM)**

- (b) Repairs to equipments are normally to be carried out only when the estimated cost of repairs does not exceed 50% of the price of new article/equipment. Accordingly repair in this case is in order.

**(Auth: Para 319 & 329 of AFLAM)**

**Q.11.** (a) What is the periodicity of scale check over the strength of Air Force civilians? Who conducts the scale check and how?

**(4 Marks)**

- (b) In a cycle of how many years should all Sheet Rolls of Airmen/NCs(E) be audited?

**(2 Marks)**

- (c) What percentage of test check is prescribed for SO(A)/AAO in respect of Sheet Rolls?

**(2 Marks)**

**Ans.** (a) The scale check over the strength of Air Force Civilians is required to be conducted every quarter by the DCDA(Air Force) New Delhi from the monthly strength check statements submitted by all Air Force Units/Formations on the proforma prescribed by Air Headquarters, the register of sanctioned strength maintained in his office and the monthly summaries of IRLAs furnished by the AFCAO. The result of the check will be recorded on the strength check statement under the dated initials of the Auditor and SO(A)/AAO. Excess, if any, in the actual paid strength over and above that sanctioned in the authorised establishment of Air Force units/formations will be reported to the units/formations concerned for regularisation action.

**(Auth: Para 215(A), OM Pt. III)**

- (b) The audit of all Sheet Rolls should be completed in a cycle of 3 years which means that 33<sup>1</sup>/<sub>3</sub>% of Sheet Rolls should be audited every year.

**(Auth: Para 225, OM Pt. III)**

- (c) The SO(A)/AAO will test check 2% of Sheet Rolls checked by the auditors.

**(Auth: Para 225, OM Pt. III)**

**Q.12.** (a) Which unit is responsible for reporting casualty of crashed or missing aircraft?

**(2 Marks)**

- (b) What is the standard temperature fixed for accounting of fuel?

**(2 Marks)**

(c) In what situation is stocktaking relaxed?

**(4 Marks)**

**Ans.** (a) The Officer Commanding, IAF Station or Unit nearest to the scene of the accident is responsible for initiating and forwarding casualty signal to Air Headquarters.

**(Auth: Para 14 of Chapter 22, IAF Equipment Regulations IAP-1501)**

(b) For accounting of fuel, Standard Temperature has been fixed as 30° C.

**(Auth: Para 92 of Chapter 29, IAF Equipment Regulations IAP-1501)**

(c) Stocktaking can be relaxed by AOC-in-C/Air Officer Incharge Maintenance for the first financial year in case of units raised during the financial year, if he is satisfied that the resources of the unit do not permit stock verification.

**(Auth: Para 1(c) of Chapter 25, IAF Equipment Regulations IAP-1501)**

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

**Q. 1.** Payment issues to sailors is made on an afloat ship of items included in the Daily Standard Ration scale for celebrating a festival. NLAO has objected to this. Is his objection justified?

**(8 Marks)**

**Ans.** NLAO's objection is not justified as Commanding Officer of Ship can permit payment issues to sailors on afloat ships of items included in Daily standard Ration Scale for celebrating a festival.

**(Auth: Para 125(26)(4) NLAO's Manual)**

**Q. 2.** In what circumstances can special audit be ordered by PCDA(N) of the Public Fund Account of a Naval unit?

**(8 Marks)**

**Ans.** PCDA(N) can order special audit of the Public Fund A/c of a naval unit when:-

- i) The Commanding Officer requests for 100% audit of his units accounts.
- ii) NLAO can write to PCDA(N) and recommend special audit if the prescribed accounts are nonexistent, if cash accounts of naval unit are in an unsatisfactory state and if accounts are not maintained according to prescribed procedure.

**(Auth: Para 224 NLAO's Manual)**

**Q. 3.** State whether TRUE or FALSE:

- (a) Advance of pay can be paid to an officer who is proceeding on sick leave.  
**(4 Marks)**
- (b) Advance of pay on leave and advance of pay on transfer can be drawn concurrently.  
**(4 Marks)**

**Ans.** (a) False as Advance of pay cannot be paid to a Naval Officer who is proceeding on sick leave. It is admissible to an officer when he is proceeding on Annual leave.

**(Auth: Para 181 OM Part VII)**

- (b) False, as advance of pay on leave and transfer cannot be drawn concurrently.  
**(Auth: Para 181 OM Part VII)**

**Q. 4.** (a) Who awards the Meritorious Service Medal (Annuity Award) to Indian Naval Personnel?

**(4 Marks)**

- (b) When a sailor gets commissioned rank does he forfeit the Annuity Award or the Medal or both?

**(4 Marks)**

**Ans.** (a) The Chief of Naval Staff awards the meritorious service medal (Annuity Award)

to Indian Naval personnel.

**(Auth: Para 374 OM Part VII)**

- (b) When a sailor is promoted to Commissioned Rank, he retains the medal but forfeits the annual grant.

**(Auth: Para 374 OM Part VII)**

**Q. 5.** Diving Allowance for diving at Harbour is same as Diving Allowance for diving at sea. DA for divers on temporary duty on board ship is not admissible in addition. Is this true or false?

**(8 Marks)**

**Ans.** It is false. Diving Allowance for diving at harbour is admissible at two third of rate fixed for diving at sea. But DA for divers on temporary duty on board ship will be paid in addition.

**(Auth: Para 340 OM Part VII)**

**Q.6.** (a) What is a victualling account?

**(4 Marks)**

- (b) What audit checks does a NLAO exercise on payment issues to officers and sailors in the victualling account?

**(4 Marks)**

**Ans.** (a) Victualling Accounts regarding transactions about issues and receipts of rations, payment issues of rations, loss statements are maintained by all ships and Establishments in Form IN213 and rendered monthly with all relevant vouchers to NLAO within 10 days of closing of the Account.

**(Auth: Para 125 NLAO's Manual)**

- (b) Audit checks of NLAO on payment issues are as follows:

- i) payment issues to officers, sailors and their families are entered daily in victualling accounts.
- ii) authorized articles are issued on payment to entitled persons within the monetary limits and quantities laid down.
- iii) payment issues are not made of items included in the Daily Standard Rations scale.
- iv) recoveries promptly effected in cash are credited in the cash account treasury without undue delay.

**(Auth: Para 125(26) NLAO's Manual)**

**Q.7.** Sailor 'X' has been appointed to general service after doing survey duty on a survey ship for 60 days in a survey year. Is he entitled to survey bounty?

**(8 Marks)**

**Ans.** No. Sailor 'X' is not entitled to Survey Bounty as he is required to do a minimum of 75 days of Survey Duty in a survey year for being admissible to survey bounty.

**(Auth: Para 251 OM Part VII)**

**Q.8.** (a) Rear Admiral 'A' incharge of Maharashtra Naval area continues to be admitted Entertainment Allowance during Annual Leave. Is this correct?

**(4 Marks)**

- (b) When does the Flag Officer become ineligible for Entertainment Allowance?  
(4 Marks)

**Ans.** (a) Yes, this is correct. Eligible officers get Entertainment allowance during Annual leave. Rear Admiral 'A' is eligible for the allowance for the actual period he holds the qualifying appointment.

(Auth: Para 178 OM Part VII)

- (b) He will become ineligible when he is struck off the qualifying test.  
(Auth: Para 178 OM Part VII)

**Q.9.** Sailor 'X' qualifies for grant of Hard Lying Money for living/sleeping on board a Minesweeper for ten days a month. Can he be admitted full monthly rate of Hard Lying Money?

(8 Marks)

**Ans.** Sailor 'X' qualifies for monthly rate of Hard Lying Money for living/sleeping on board a minesweeper for ten days in a month.

(Auth: Para 192 OM Part VII)

**Q.10.** Sailor 'C' who is in receipt of Conservancy Allowance (CA) proceeds on Annual Leave (AL). He retains the house he has hired during period of leave. Is he entitled to CA for AL?

(8 Marks)

**Ans.** Yes, the sailor is entitled to conservancy allowance during Annual leave as he has retained the hired house and not sublet it.

(Auth: Para 243(b) OM Part VII)

**Q.11.** What are the audit checks of NLAO on Vehicle Requisition Allotment Register of a Naval unit?

(8 Marks)

**Ans.** Audit checks of NLAO on vehicle Requisition allotment Register are as follows:  
i) The requisition for transport is signed by the officer applying for allotment of vehicle.

ii) The user is entitled to the provision of the conveyance free or on payment.

iii) Nature of duty is clearly stated in the transport indent.

iv) All requisitions are recorded serially in the register, as also mileage run, allotment of vehicles made.

(Auth: Para 182 NLAO's Manual)

**Q.12.** State four main audit checks of NLAO on Flying Clothing Ledger in a Naval air station?

(8 Marks)

**Ans.** Four main audit checks of NLAO on Flying Clothing Ledger in Naval air station are as follows:

i) Flying clothing are issued to officers and sailors engaged in flying duties.

ii) Flying clothing is as per the authorized scale.

iii) Issue of flying clothing is charged off in the ledger.

iv) Items returned are taken on ledger charge.

(Auth: Para 197, NLAO's Manual)

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

**May, 2007**

**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 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) Answer to all parts of a question should be written together at one place only.
  - (6) The answers should be direct and precise.
- 

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

- Q.1.** (a) An industrial employee within the purview of Factories Act, 1948 working in MES has worked 15 hours overtime during November, 2006. Out of 15 hours overtime, he has worked 6 hours prior to 8 PM and 9 hours after 8 PM. However on no occasion he has worked beyond 9 hours in a day or 48 hours in a week. His pay particulars are given below:-

Basic Pay	3950
DP	1975
DA	1718
Personal Pay	75
Special Pay	150
CCA	150
HRA	889
Washing Allowance	50
Transport Allowance	100

Calculate his overtime pay for November, 2006.

**(6 Marks)**

- (b) What risk mitigating provisions have been laid down in MES for entrusting civilian personnel with the custody of cash or stores?

**(3 Marks)**

**Ans.** (a)

Basic Pay	3950
DP	1975
DA	1718



Personal Pay	75
Special Pay	150
CCA	150

TOTAL ---- 8018

One day's Pay 8018/30 = 267.26

OT pay for each hour performed prior to 8 pm =  $267.26/8 = 33.40$   
 Pay for 6 hours OT performed prior to 8 pm =  $33.40 \times 6 = 200.44$

OT pay for each hour performed after 8 pm =  $267.26 \times 3/16 = 50.11$   
 Pay for 9 hours OT performed after 8 pm =  $50.11 \times 9 = 451.00$

Total OT Pay =  $200.44 + 451.00 = 651.44$

(Auth: Para 95 MES Reg.)

- (b) The civilian personnel will furnish security as indicated against each recoverable in 20 installments.

Superintendent B/R, E/M, Supervisor B/S Grade I Rs.500  
 Superintendent B/R, E/M, Grade II Rs.300

Supervisor B/S Grade II, Store Keepers Grade I&II Rs,200

They will also execute Security Bond.

The Security may be furnished in cash, in the form of a fidelity bond of an approved company. When the depositor has furnished security in the form of a fidelity bond the Head of Office concerned should see that the depositor pays on the due dates the premium necessary to keep it alive and continues to do so until a period of six months has elapsed since he vacated his office.

(Auth: Para 102 MES Reg.)

**Q.2.** (a) Fill up the blanks:-

- (i) If an approved work is not commenced within ..... of the date of administrative approval, fresh approval must be obtained.
- (ii) No approximate estimate is required for works costing up to Rs.....
- (iii) Re-appropriation of buildings involving increase in scales or introducing a new practice requires the sanction of .....
- (iv) When both land and building are surplus to the requirement of Defence Services disposal will be carried out by .....
- (v) In GE's office Register of Appropriation is maintained under the supervision of .....
- (vi) All orders of work having a financial effect will be noted in the ..... as a liability.
- (vii) ..... is the basis of all accounts of measured work and of materials received which have to be measured or counted.
- (viii) The form of contract used for minor works and maintenance services required to be carried out from time to time during a period specified in the contract is known as .....
- (ix) If a GE is satisfied that stores issued to a contractor in excess of the estimated requirements have been incorporated in the work he may condone such over-

issues up to ..... percent of the estimated requirements.

(x) If any wages remain unpaid from a muster-roll, the details will be entered in the .....

(xi) Should a part or whole of the charges for barrack damages become irrecoverable, it will be treated as.....

(xii) The cost per unit fixed at a valuation in respect of an article borne on the stocks of the MES is known as the.....

**(0.5x12=6 Marks)**

- (b) What is meant by re-appropriation of buildings? What are the conditions which need to be satisfied before a military building is re-appropriated for rent free use as a place of worship?

**(3 Marks)**

- Ans.** (a) (i) 5 years  
(ii) Rs.50,000/-  
(iii) Govt. of India  
(iv) DGDE  
(v) AAO(GE)  
(vi) Construction Account  
(vii) Measurement Book  
(viii) Term Contract  
(ix) 5%  
(x) Register of Unpaid Wages  
(xi) Loss of public money  
(xii) Stock Book Rate

- (b) Re-appropriation means use of a group of buildings, a building or a portion thereof for any purpose other than that for which it was constructed. Re-appropriation may be temporary or permanent. It may be intended either for an authorized or for a special purpose.

The following conditions need to be satisfied for re-appropriating a building for rent free use as a place of worship.

Govt. of India will not be faced with a demand for new construction at some future date as the result of such re-appropriation.

No structural alterations are involved.

The buildings will be relinquished when required for any other purpose.

No religious body will ever acquire any permanent rights over the accommodation.

No building is at any time dedicated.

**(Authority: Para 155,156 MES Regulations)**

- Q.3.** (a) What is "Financial Stock Taking Report of Major MES Projects"? What purpose does it serve?

**(3 Marks)**

- (b) What are the circumstances under which the technical sanction accorded to Costed Schedule of work can be revised?

**(3 Marks)**

- (c) Classify the following work services as per the classification in vogue in MES:

**(0.5x6=3 Marks)**

- i) Widening of roads costing Rs.12 lakh.

- ii) Work necessary to bring into use a dilapidated building rendered unusable by extra ordinary causes.
- iii) Replacement of furniture costing Rs.175000.
- iv) Repair costing Rs. 10 lakh of a machine.
- v) Alterations costing Rs.7 lakh necessitated by technical reasons for making good the damages to a building due to extra ordinary causes but which has been declared as still usable.
- vi) Increasing plant capacity costing Rs.15 lakh.

- Ans.** (a) The report covering all projects costing Rs.1.2 crore and above is rendered by the Zonal Chief Engineer to concerned PCDA/CDA by 30th April every year through AAO(GE)/RAO/LAO. On the basis of this report PCDA/CDA will render the report to MoD(Fin) by 1st September each year. The report is rendered in a standard format containing information such as name of work, amount of estimate, booked expenditure, liability incurred but not liquidated, total expenditure, % of total expenditure to estimate, percentage of work done, estimated cost of work still to be done, whether work can be done within the estimated cost, if not reasons, whether the work is proceeding within the allotted time schedule, if not reasons, steps taken to speed up progress etc.

The report is intended to indicate how expenditure on a project is progressing as compared with the sanctioned estimate and to ascertain the prospect of completing the residual work within the balance of the sanctioned estimate. It is a tool to control cost overrun and time overrun.

**(Auth: Para 136-138 of OM Part VIII)**

- (b) The technical sanction to Costed Schedule of Work can be revised under the following situation:
- i) Because of engineering/technical reasons such as changes in design, specifications, drawings, etc.
  - ii) On account of revision of administrative approval if the variations are not already covered by sanctions to deviation orders or amendments to contracts.
  - iii) for the reasons that the original technical sanction is found to have been based on inaccurate estimation initially.

**(Auth.Paras 202 MES Reg.)**

- (c) i) Original and major works  
 ii) Original and major works  
 iii) Maintenance services and special repairs  
 iv) Maintenance services and petty repairs  
 v) Maintenance services and special repairs  
 vi) Maintenance services and Renewals

**(Auth: Para 121-125 of MES Reg)**

- Q.4.** (a) Compare:-

**(2x3=6 Marks)**

- (i) Standard Schedule Rates and Star Rates
  - (ii) Works Diaries and Contractor's Order Book
  - (iii) Cash Assignment and Imprest
- (b) Under what circumstances for amendment to contracts sanction of the next higher authority must be obtained?

**(3 Marks)**

- Ans.** (a) (i) A Standard Schedule of Rates is maintained command wise or specified area wise under the orders of E in C. Each schedule shown the rates and specification according to which each work is executed. It also shows the rates for supply of material and wages for labour on which basis rates for different items of work have been fixed. SSR is used for preparing estimates. Sometimes for certain items of work there are no rates fixed in SSR. Rates are also not deductible. In such situations the officer competent to accept contracts is also empowered to fix rates for such items of work. These are called Star Rates.

**(Auth: Paras 335 & 439 of MES Reg.)**

(ii) Works diary is maintained at site for each work costing more than Rs.20000/-. It records the day to day progress of the work. If a work consists of more than one contract, a separate work diary is maintained for each contract. It is an accountable document and is serially numbered. On completion it is deposited with the GE.

A Contractor's Order Book is also maintained at site of the work. All communications and instructions issued to the contractor arising out of the day to day execution of the work are recorded therein. It is an accountable document and is serially numbered. On completion it is deposited with the GE.

**(Auth: Paras 368 of MES Reg)**

(iii) Cash Assignments are credits placed in treasuries by CsDA in favour of disbursing officers who are authorized to draw funds for their disbursements by cheques on such treasuries. The amount of assignment is fixed in consultation with CDA. The assignment is recouped periodically by the CDA in accordance with the estimate of requirements submitted by the disbursing officers. A running account is maintained within each financial year. Any balance at the last day of the financial year lapses except that cheques drawn before but paid after the end of the year is taken against the balance of the assignment of that year.

For effecting payments of a petty and urgent nature, MES officers holding Cash Assignment are allowed an imprest up to a limit in consultation with CDA. The amount is drawn by the officers from their Cash Assignment and recouped as and when necessary. Commander Works Engineer not holding Cash Assignment are provided with an imprest for meeting contingent expenditure. These are advanced and recouped by the CDA concerned.

**(Auth: Paras 535 & 536 of MES Reg)**

- (b) Amendments to Contracts require sanction of the next higher authority in the following situations:

If an amendment involves enhancement of contract rates.

Any amendment after the contractor has signed his final bill or in case of running or term contracts for minor works, maintenance, supplies etc after expiry of the period covered by the contract.

**(Auth: Para 440 MES Reg)**

- Q.5.** (a) What are the broad features of Annual Review of MES expenditure?

**(6 Marks)**

- (b) A GE has issued stores to a contractor for which there was no provision in the contract. Comment. How are such stores priced?

**(3 Marks)**

- Ans.** (a) The Annual Review of MES Expenditure covers Army, Factory, Air Force and Naval Works Expenditure. It consists of the following Statements.

Statement A- Shows major works carried out during the year and explanations for variation between appropriations and expenditure of the year.

Statement B-Shows original estimates and expenditure and explanations for variation.

Statement C-Shows expenditure placed under objections.

Statement D-Shows irregularities in connection with contracts, acceptance of tender etc.

Statement E-Shows rush of Cash Expenditure in March.

Statement F-Shows miscellaneous irregularities of important nature such as losses, non-recovery of license fee etc.

Statement G-Shows the actual working of SSR

Statement H-Shows lapse of funds due to bad or no planning.

In addition to the above statements, the following subsidiary statements are also submitted.

- i) Statement showing the working of the quantitative system of stores accounting.
- ii) Expenditure on operational works
- iii) List of cases of remission/reduction of departmental charges.

The report should be prepared by PCDA/CDA after due deliberation with MES authorities and forwarded with a covering letter to CGDA/MoD(Fin).

**(Auth: Para 127 to 131 of OM Part VIII)**

- (b) A GE has no authority to issue any store to a contractor unless the contract specifically provides for such issue. However, if circumstances demand and GE considers that it is essential in the interest of the Govt. to issue stores he should seek approval of the accepting officer before issue and obtain the Contractor's agreement in writing to the issue rate and contract suitably amended.

In such cases the issue rate will be the maximum of:

Stock Book rates as on the date of issue.

Market rate as on the date of issue.

Rate deduced from the tendered rates in case of contracts based on Bills of Quantities and Item Rate Contract.

Rate in the MES Schedule adjusted by the Contractor's percentage in case of Contracts based on MES Schedule of Rates.

**(Auth: Para 446 of MES Reg)**

- Q.6.** (a) What audit checks are exercised in 'E' section of CDA/PCDA while scrutinizing administrative approvals accorded by the Competent Financial Authorities lower than the Govt. of India?

**(3 Marks)**

- (b) Why earnest money is required to be submitted along with tender? What type of contractors in MES are exempted from depositing earnest money? **(3 Marks)**

- (c) What is the utility of Revenue Ledger? **(3 Marks)**

- Ans.** (a) Following audit checks are exercised over Administrative Approvals in CDA's office:

Competent authority has accepted the necessity of work and has accorded administrative approval.

Where the approximate estimate exceeds by more than 10% of the amount accepted by CFA, revised acceptance of necessity was obtained before Administrative approval was accorded.

Source of fund has been mentioned.

An authorized work is covered by the authority quoted.

The sanction together with the approximate estimate has been communicated to CDA direct by the sanctioning authority,

The sanction has not been accorded in piece meal to bring the amount within the powers of the Sanctioning authority.

In case of Special Works, reasons for according administrative approval justify the execution of the work.

Special works have not been approved in cases where the introduction of a new practice or change of scale is involved.

**(Auth: Para 9 OM Part VIII)**

- (b) Earnest Money is required to be deposited to weed out non-serious participants in the tender process.

The following types of Contractors are exempted from depositing Earnest Money:

Contractors who are borne on the list of approved MES contractors for the area concerned and have executed the Standing Security Bond and deposited the standing security appropriate to the class in which they are registered. He is also not required to deposit earnest money for tendering outside the area for which he is registered.

In exceptional case, a CE may with the prior concurrence of E-in-C exempt specialist concerns of repute and reliable contractors of unlimited class from depositing earnest money.

**(Auth: Para 498&499 of MES Reg)**

- (c) Revenue Ledger is maintained by AAO MES. It contains a progressive record of revenue due and recovered in respect of each quarter or rentable building. It will also show separately water and electric charges recoverable by MES direct and water charges to be collected by the Cantonment authorities. The Ledger is closed on 25th of each month. (31st March)

**(Auth: Para 682 of MES Reg)**

## SECTION II

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

- Q.1.** (a) What does the Annual Accounts of Military Farms Department comprise?  
**(2 Marks)**
- (b) What is the role of Defence Accounts Department in finalization of the Annual Accounts of Military Farms?  
**(2 Marks)**
- (c) Identify the following surplus ASC stores meant for disposal as perishable/non-perishable:
- (i) Tinned food shelf life of which is 9 months
  - (ii) POL with storage life 3.5 years
  - (iii) Hygiene chemicals with storage life 2 years
  - (iv) Packing material
- (0.5x4=2 Marks)**

- Ans.** (a) The Military Farms being manufacturing concerns run on Quasi Commercial basis. Their accounts are maintained on a cost account basis as well as Cash Account basis. The Annual Account comprise of:
- Trading and Profit and Loss Account
  - Capital Account
  - Balance Sheet
  - Produce and Disposal Statement
  - RR Fund Account
  - Reserve Fund Account
  - Herd Statistics
  - Fodder Statement

**(Auth: Para 193&199 of SAI)**

- (b) The Accounts of Military farms are audited by LAOs. The audited accounts received from various ADsMF and consolidated by DMF and accounts prepared for the Military Farm Department as a whole on all India basis. By 15th October DMF renders the accounts to the CGDA along with copies of Trading Account, Capital Account, Balance Sheet and RR Fund account of farms. The figures given in the consolidated annual accounts are checked in CGDA's office from the accounts rendered by various ADsMF, duly audited by the Controllers of Defence Accounts. The Trading Accounts of farms which will consist of Trading Account, RR Account and Balance Sheet is prepared on an all India basis in CGDA's office in prescribed format.

**(Auth: Para 199 SAI)**

- (c) i) Perishable  
ii) non-perishable  
iii) perishable  
iv) perishable

**(Auth: Para 262 SAI)**

- Q.2.** (a) Who prices the following :-  
(i) Payment issues of ASC stores to entitled personnel from retail issue shop

- (ii) Loss statements of ASC depot chargeable to State where rates are not available with depot
  - (iii) Issues from Store Depots to Civil Departments
  - (iv) Losses of public clothing and equipment chargeable to a JCO.
- (0.5x4=2 Marks)**

(b) What is the Accounting procedure in an ASC depot of packing materials issued with articles on payment?

**(4 Marks)**

(c) What is an Obsolescent Store?

**(2 Marks)**

- Ans.** (a) i) Executives subject to scrutiny by the rep of CDA  
 ii) CDA  
 iii) CDA  
 iv) Executives subject to scrutiny by the rep of CDA

**(Auth: Para 221-224 SAI)**

(b) Ordinary packing material issued with articles supplied on payment, becomes the property of the purchaser who is in liberty to dispose off in any manner he likes. If the purchaser decides to return the empty packing material to its source, it will be treated as surplus and will be taken on charge but no credit will be offered to him. Issues of packing material on payment, by itself is not authorized.

**(Auth: Para 105(c) SAI)**

(c) An equipment or store is declared Obsolescent when it has been decided that no further provision of that item will be made because

- i) the prototype of a successor equipment has been formally accepted or
- ii) an equipment or store which is obsolete is required to be retained to meet tactical/technical or other special requirements or
- iii) "single category" of stores is held to include stores of like character.

**(Auth: Para 256(b)(ii) SAI)**

- Q.3.** (a) What procedure is adopted for recovering Hospitals stoppages/charges from:-  
 (i) A non-entitled person taking treatment from a Military Dental Clinic  
 (ii) A civilian patient admitted to an Army Hospital

**(2x2=4 Marks)**

(b) What is the role of LAO in physical stock verification in Units/formations? Can he physically verify the stock?

**(3+1=4 Marks)**

- Ans.** (a) (i) The AD corps officers give receipts for the amount charged from non-entitled persons stating therein the nature of treatment rendered. The counterfoils of such receipts are produced for audit along with the register which records the treatment of non-entitled persons.

(ii) The Hospital stoppages are recovered from Civilian patients in cash at the rates prescribed from time to time by the Officer Commanding the Hospital and the amounts realized by him will be paid into the nearest civil treasury for credit to the Defence Service Estimates by means of a receivable order. The names are included in the Hospital Stoppage Rolls which are sent to concerned CDA in whose audit area the hospital is situated for necessary adjustment.

**(Auth: Para 164, 165 SAI)**



- (b) The responsibility for carrying out stock verification is that of executive authorities concerned. The LAO during his periodical visit will verify that stock taking has been carried out as it falls due and that the staff actually employed in verifying stock is independent of the staff responsible for the physical custody of stock. He will also see that
- i) the system of stock taking adopted is adequate and proper
  - ii) the results of stock taking are recorded in prescribed documents by a responsible officer under his dated initials
  - iii) all the discrepancies detected are properly investigated, all surpluses found have been credited to Govt. and the deficiencies have been dealt with under the orders of appropriate authorities.

Cases of failure will be brought to the notices of administrative authorities through CDA concerned.

In cases where, from the state of accounts or otherwise, the LAO has sufficient grounds to doubt the accuracy of the stock actually in possession of a unit, he may carry out an actual stock verification after obtaining the prior concurrence of the CDA concerned. An intimation to that effect will be sent by the CDA/LAO to the OC unit who will make necessary arrangements for the verification of stock by LAO.

**(Auth: Para 83-86 ALAM Part I Vol.I)**

**Q.4.** (a) What are the objectives of Inspection of Public Fund by LAO? Can he inspect Non-Public Funds?

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

(b) What is the impact on Ration Return when a complete unit moves from one station to another station?

**(4 Marks)**

**Ans.** (a) The main objectives of Inspection of Public Funds by LAO are:

- i) to ensure that all prescribed accounts and documents are maintained
- ii) to ascertain that the accounts are maintained strictly in accordance with the regulations
- iii) to see that all 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 drafts, relating to public funds have been duly accounted for and expended in conformity with regulations.

If LAO is specially required to examine non-public funds such as regimental, canteen funds, he can do so.

**(Auth: Para 5 and Para 73 ALAM Part I Vol.I)**

(b) The OC of the outgoing unit closes its ration return showing the transactions up to the date of entraining and gets it audited by LAO. Opens a fresh Train Ration Return for the period of journey. All supplies drawn from the supply depot at the entraining station for the period of journey and also those drawn enroute are brought on charge as receipts on train ration return and issues made for consumption by troops on the journey are struck off charge. On arrival at destination, the train ration return is closed and the balances of unconsumed rations are transferred to the first ration return of the unit at the new station on regular vouchers.

**(Auth: Para 159 SAI)**

- Q.5.** (a) In what type of losses Court of Inquiry should invariably be held? **(2 Marks)**
- (b) (i) Name the agency which handles imported ammunitions and explosives for all the three services.
- (ii) What is the periodicity of stocktaking of valuable and attractive items in AFMS?
- (iii) How many cycles of stock taking are to be carried out during a stocking year for POL in vehicle depots.
- (iv) In what condition Blood from Armed Forces Medical College can be supplied to a poor patient admitted in a civil hospital?
- (v) How many copies of vouchers will be prepared by an indenting unit for submission of demands on an ASC Supply depot?
- (vi) What action LAO should take when a serious discrepancy between the Cash Book and cash in treasure chest is noticed during cash inspection of a unit? **(1x6=6 Marks)**

**Ans.** (a) A Court of Inquiry should invariably be held to investigate the loss in the following cases:

All losses which require Sanction of Govt. of India write off  
 Losses due to inaccuracies in previous stock taking  
 Losses of Arms, ammunitions and explosives  
 Losses due to theft, fraud, neglect, fire or due to any unusual occurrences.

**(Auth: Para 241 Store Accounting Instructions for the Army)**

- (b) i) NASO, Mumbai **(Auth: Para 177 SAI)**
- ii) Half-yearly **(Auth: Para 277 SAI)**
- iii) 12 cycles **(Auth: Para 280 SAI)**
- iv) in exchange for a donor **(Auth: Para 312 SAI)**
- v) 5 copies **(Auth: Appendix 12(a) SAI)**
- vi) The matter should be reported to the OC of the unit and to the CDA forthwith. **(Auth: Para 41 ALAM Part II)**

- Q.6.** (a) An Army unit has returned vehicles to a vehicle depot without Vehicle Log Books. What will the depot do?
- (b) What specific points a Local Audit Officer should see at the time of inspection of the accounts of units and formations provided with permanent advances?
- (c) What managerial action a Local Audit Officer should undertake before conducting local audit of stores of a unit?

- (d) Describe the procedure for measuring the quantity of POL in a vehicle at the end of a month and recording the result.

**(2x4=8 Marks)**

- Ans.** (a) Vehicle depot should raise a discrepancy and ask the unit to return the Vehicle Log Book. If still Log Book is not forthcoming from the unit, matter to be reported to the formation HQrs for instituting disciplinary action against the unit. The depot should take action to build up the Log Book afresh with all the information that may be available.

**(Auth. Para 64 SAI)**

- (b) A regular account of expenditure against permanent advances has been made. No unauthorized advances are being paid from the permanent advances. An analysis of the amount recouped is recorded at the end of the month. The permanent advance held is not far in excess of the average monthly expenditure.

**(Auth: Para 43 of ALAM Part II)**

- (c) Normally accounts of Units are audited once in a quarter or once in two quarters for smaller units. LAO should formulate a quarterly (half yearly in case of smaller units) program of audit much before the beginning of a quarter. It is submitted to CDA for approval by 20th of the second month of the preceding quarter. The standard time in man days as approved by CGDA for each class of unit is taken into account in making out the program. A separate program for review of store accounts of units is also submitted to CDA for approval. LAO should inform units/formations of their programs of audit/review in advance under intimation to their station/formation HQrs. In order to ensure that no accounts are omitted, a list of auditable documents is to be prepared by the LAO for each unit and get it approved from CDA.

**(Auth: Para 10,11 of ALAM Part I Vol. I)**

- (d) By filling the tank to the maximum capacity and recording the result in the Car Diary in red ink.

- Q.7.** (a) In case of a newly commissioned officer, what documents will be looked for before opening an account in CDA(O)?

**(2 Marks)**

- (b) Decipher the following CDA(O) Account No.IV/30/65542

**(2 Marks)**

- (c) What happens if an army pensioner does not draw pension for more than a year and subsequently appears and claims the pension.

**(2 Marks)**

- (d) How does Real Debtor Balance arise in the IRLAs of JCOs/ORs?

**(2 Marks)**

- Ans.** (a) The following documents will be looked for before opening an account in CDA(O) for a newly Commissioned Officer:

Govt. sanction for grant of commission

Commissioning Order issued by the appointing authority citing reference to the Govt sanction.

Part II Order showing the Officer's actual reporting for duty.

Form 'A' showing the full particulars of the Officer such as his Bankers, Date of Birth, nature of commission, previous service particulars etc.

Last Pay Certificate from the previous audit/paying authorities when Officers come from their payment into the payment of CDA(O).

**(Auth: Para 94 of the Office Manual Part IX)**

- (b) IV - Account is held in Section IV of LW II  
30 - Task Holder is of Task 30  
65542- Account No.

**(Auth: Para 96 of the Office Manual Part IX)**

- (c) If the pension is not drawn for more than a year, the pension ceases to be payable. If the pensioner appears subsequently and claims the pension, the Pension Disbursing Officer cannot pay the arrears of pension without the sanction of PCDA(P) Allahabad. On receipt of the application of the pensioner and the remarks of the Pension Disbursing Officer in the Office of PCDA(P) for non-drawal of pension the case is examined. If the explanation is found acceptable, orders of competent authority are taken and Pension Disbursing Officer is instructed to make the payment due to the pensioner.

**(Auth: Para 61 of the Office Manual Part IV)**

- (d) Real Debtor Balance arises in the IRLAs of JCOs/ORs due to payment of an unauthorized advance for which the JCO/OR is normally not entitled.

- Q.8.** (a) An army officer was on probationary attachment to a para unit from 1.1.2006. The Basic Para Course in which the officer participated started on 1.6.2006. Probationary attachment was compulsory for the officer. Determine the date from which Para Pay will be admissible.

**(2 Marks)**

- (b) An army officer proceeds on course from an AOP appointment. After the course, he was posted to a non-AOP appointment and the officer proceeded directly to join his new appointment. How will his AOP pay be regulated for the period of the course?

**(2 Marks)**

- (c) How the pension is regulated in case of a retired Army Officer in the following cases:

(i) When re-employed in Military capacity

(ii) When recalled for active service

**(1x2=2 Marks)**

- (d) Write a sort not on Closing of IRLAs in PAO(ORs).

**(2 Marks)**

- Ans.** (a) Para Pay is granted with effect from one calendar month after the date of commencement of probationary attachment or from a date not exceeding 3 months anterior to the date of commencement of basic para course, whichever is later. In this case, Probationary attachment started on 1.1.2006. Hence as per probationary attachment due date for Para Pay to start is 1.2.2006. Basic Para Course started on 1.6.2006. Hence due date for Para Pay to start as per basic course is 1.3.2006. Hence in this case, Para Pay should start from 1.3.2006, this

date being later than 1.2.2006.

**(Auth: Para 131(iii) of the Office Manual Part IX)**

- (b) AOP Pay will not be admissible during the period of course.

**(Auth: Para 133 of the Office Manual Part IX)**

- (c) (i) The Officer will receive full pay and allowances and in addition will be permitted to draw separately any pension/gratuity sanctioned provided the total amount of initial pay fixed plus gross amount of pension does not exceed the pay last drawn at the time of retirement. Accordingly the pension will be regulated.

- (ii) The Officer will receive full pay and allowances. His pension will be held in abeyance during the period of recalled service. If the officer has commuted any portion of pension that portion and/or the pension equivalent of gratuity will be recovered from the pay and allowances.

**(Auth: Para 66 of the Office Manual Part IV Vol.V)**

- (d)

<b>Quarters Ending</b>	<b>Closed in</b>
February	March
May	June
August	September
November	December

Credits include Opening credit balance brought forward from the previous quarter, pay and allowances drawn during the quarter, miscellaneous credits adjusted on the basis of Pt. II orders, refund of arrears due etc. Debits include Opening Debit balance, excess pay drawn on acquaintance rolls received upto the end of the quarter and monthly deductions, any recovery on account of excess credits and income-tax. The difference between total credits and total debits is shown as Credit/Debit balance. The summary is prepared on unit basis. Then these are totaled for the quarter as a whole. The accuracy of posting and totaling is tested vertically and horizontally. The total figures under various columns in each ledger group is furnished to the Central Control Section.

**(Auth: Para 273-274 of the Office Manual Part X Vol.I)**

- Q.9.** (a) A married officer was deputed to Canada for 16 months. The Officer was not allowed to take his family with him. Comment on admissibility of DA for the deputation period.

**(2 Marks)**

- (b) An Officer in receipt of Specialist pay has been as Military Attache to High Commission of India, London. Will he continue to get the specialist pay in his new appointment?

**(2 Marks)**

- (c) Comment on recover of Govt. dues/public claims from:  
(i) service pension of a retired Army Officer.

- (ii) disability pension of a retired Army Officer

**(2 Marks)**

- (d) An N.C.O. was admitted to an Army Hospital on 25.12.2006 and discharged on

31.12.2006. Hospital stoppages were charged from 25.12.2006 to 30.12.2006, both days inclusive. Comment.

**(2 Marks)**

- Ans.** (a) DA for the first six months at full rate and for the next 10 months at half the rate.  
**(Auth: Para 137 of the Office Manual Part IX)**
- (b) No specialist pay in his new appointment.  
**(Auth: Para 137 of the Office Manual Part IX)**
- (c) i) Recovery of Government dues/public claims can be made from the service pension of a retired Army Officer at monthly installments of 1/3rd of the pension without any sanction and without consent of the pensioner.  
**(Auth: Para 77 of the OM Part IV)**
- ii) No public claim/Govt dues can be recovered from disability pension without special sanction of the Govt.  
**(Auth: Para 77 of the OM Part IV)**
- (d) Hospital Stoppages should be charged from 26.12.2006 to 31.12.2006, both the dates inclusive.  
**(Auth: Para 317(d) of the ALAM Pt.I Vol.II)**

- Q.10.** (a) How will the following elements of pay and allowances be regulated during furlough:  
(i) rank pay  
(ii) non-practising allowance  
(iii) increment of pay falling due during furlough  
(iv) para pay

**(2 Marks)**

- (b) A Family Allotment Money Order issued by PAO(ORs) has been returned undelivered. Comment.

**(2 Marks)**

- (c) What is Constant Attendance Allowance?

**(2 Marks)**

- (d) What is the entitlement to Annual Leave of a JCO whose home is in Sikkim?

**(2 Marks)**

- Ans** (a) i) Rank Pay 50%  
ii) Non practicing Allowance 50%  
iii) Increment not admitted  
iv) Para Pay discontinued

**(Auth: Para 140 of the Office Manual Part IX)**

- (b) The Imprest section of PAO will intimate the Ledger Section regarding the undelivered F.A.M.O through a list of all undelivered FAMOs. Ledger Section will credit the amount in the relevant IRLA. It will be ensured that the amount credited equals with the amount previously debited in the IRLA while sending the FAMO.

**(Auth: Para 255 of the Office Manual Part X Vol.I)**

- (c) Constant Attendance Allowance is sanctioned to an Army Officer when he is invalidated out of service with 100% disability.

**(Auth: Para 62 of the OM Part IV Vol.III)**

- (d) The JCO can be sanctioned normal Annual Leave or 120 days accumulated leave in the second year. He can be sanctioned additional leave to cover longer journey time.

**Auth: Note below Para 33C-Leave Rules for the Services)**

- Q.11.** (a) What is the periodicity of closing IRLAs in CDA(O)?
- (b) What is special tracing?
- (c) Which of the following authorizations pass through the audit cages of IRLAs in CDA(O):
- (i) initial fixation of pay
  - (ii) separation allowance
  - (iii) qualification pay
  - (iv) adhoc allowance
  - (v)
- (d) What is the maximum amount of terminal leave admissible?
- (e) What is the maximum period of Sick Leave that can be granted?
- (f) How is qualification pay treated while fixing pay of a re-employed pensioner?
- (g) What is the periodicity of verification of nominal roles of units by PAO(ORs)?
- (h) When is outfit allowance admitted to a JCO?

**(1x8=8 Marks)**

- Ans** (a) monthly

**(Auth: Para 89 OM Pt.IX)**

- (b) When a pay account is to be opened for an officer his documents are sent to the Central Index by LW I for Special Tracing, to avoid the possibility of opening of a duplicate IRLA.

**(Auth: Para 16 OM Pt.IX)**

- (c) Initial Fixation of pay  
Qualification Pay

**(Auth: Para 116 OM Pt.IX)**

- (d) 28 days

**(Auth: Para 142 OM Pt.IX)**

- (e) 24 months

**(Auth: Para 144 OM Pt.IX)**

- (f) Qualification pay is not taken into account while fixing pay of a re-employed pensioner.

**(Auth: Para 119 OM Pt.IX)**

- (g) Yearly

- (h) Outfit allowance is paid to a JCO on grant of Honorary Commission in the Army.  
(Auth: Para 226 OM Part X, Vol.II)

**Q.12.** (a) An Army Officer has been attached to another unit on Disciplinary grounds. What is its impact on:

(2 Marks)

(i) the Acting Rank held by the Officer

(ii) the specialist pay which the Officer was receiving

(b) An Army Officer has been attached to a Unit after he was discharged from a Hospital where he was admitted on account of sickness. The attachment continued for three months. Comment on his pay and allowances during the period of attachment if all the following three conditions hold good:

(2 Marks)

(i) if at the time of falling sick the officer was holding an Acting Rank

(ii) the officer had availed Annual Leave of two months; and

(iii) the total period of absence due to sickness was three months

(c) What is commutation of pension?

(2 Marks)

(d) What is review of IRLAs maintained by PAO(ORs)?

(2 Marks)

**Ans** (a) (i) The Officer attached vacates his appointment and relinquishes acting rank if any held after three months from the date of his attachment or on the 22nd day if the Court of Inquiry recommends to initiate disciplinary action against him, whichever is earlier.

(ii) Specialist Pay is stopped when an Officer is attached on Disciplinary grounds. It will be restored if he is acquitted.

(Auth: Para 138 of the Office Manual Part IX)

(b) Since the Officer's period of absence does not exceed (six months-two months annual leave) the Officer will get full duty rates appropriate to his Acting Rank.

(Auth: Para 138(d) of the Office Manual Part IX)

(c) Commutation means allowing a pensioner to forgo the title to receive the commuted portion of the pension and to acquire the title to receive the commuted value thereof within the framework of the rules on the subject.

(Auth: Para 152-162 of the Office Manual Part IV Vol.III)

(d) Review of IRLAs is done to ensure that IRLAs are maintained properly. The main checks exercised during review are-

i) service particulars, deduction entries in Part I and Part II are complete.

ii) Audit cage entries in Part II, rates of pay, corrections adjusted in the accounting sheet, AFPP rate changer, all changes have been checked and initialed by AAO

iii) In Accounting Sheet of IRLA casting, calculations, recoveries are regularly made



- iv) Continuity of Pay Books, S.No is maintained, opening balance agrees with closing balance of previous quarter.  
**(Auth: Para 315 of the Office Manual Part X)**

## SECTION III (Factories Portion)

**Q.1.** Explain how Unorthodox Balances arise in PSL? What are the various types of such balances? What is the role of LAO when such balances are detected?  
(4+2+2=8 Marks)

**Ans** After posting of each ledger document, balances of both quantity as well as value are noted in each folio. Normally, it is expected that ledger balance will show (+) quantity and (+) value. In case where entire quantity held on stock is consumed, the ledger folio will show balance as 'NIL' quantity and 'NIL' value. But, sometimes it may not so happen due to belated receipt/non-receipt of primary documents or non-posting/improper posting of store documents in ledger folios and the ledger balance may show unorthodox balance in PSL as below:

Plus quantity minus value  
Plus quantity nil value  
Nil quantity plus value  
Nil quantity minus value  
Minus quantity plus value  
Minus quantity minus value  
Minus quantity nil value

All unorthodox balance ledger folio nos. will be entered in a Register termed as Unorthodox Balance Register. All cases will be promptly attended and disagreement may be set right by posting wanting documents, adjustments as the case may be and be recorded in the Register.

**(Auth: Paras 425,426,427 of the Office Manual Part VI Vol.I)**

**Q.2.** Describe briefly about Under-absorption and Over-absorption of Overhead Charges. How are they accounted for in Ordnance Factories?  
(6+2=8 Marks)

**Ans** Over head charges are such costs which can not be directly attributable to the cost of production but can only be charged/levied on a suitable predetermined percentage rate at the beginning of the year. The percentage so charged is known as Overhead percentage. Separate percentage rate is calculated for FOH and VOH. Hence, while calculating the cost of production, overhead is charged on product cost through a percentage applicable on direct labour.

The overhead incurred through out the year are collected under specific code heads and compiled in a document known as indirect overhead statement. Separate such statements are prepared from VOH & FOH. At the end of the year, the aggregate of FOH & VOH statements represent the total amount chargeable to product under VOH & FOH.

It is therefore evident that there must be difference between the amount chargeable to products and the amount actually charged on the basis of predetermined rates as stated above. If charged amount is greater than the chargeable amount, then it is called as over absorption of overhead charges. Conversely if expenditure charged is less, then it is termed as under absorption of overhead charges.

As per the existing provisions, such under or over absorption of overhead should not exceed plus or minus 5% of the charged amount. If it exceeds 5% then the difference will be charged to production by relevying the difference over all the work orders in proportion to the value of direct labour.

The under absorption of OH expenses is shown on the debit side of Production Accounts as well as asset side of the statement of Assets and Liabilities.

The over absorption of OH expenses is shown in the credit side of Production Accounts and also reflected in the liability side of Assets & Liabilities.

**(Auth: Para 590 of the Office Manual Part VI Vol.I)**

**Q. 3.** What do you mean by Work-in-Progress? How its value is worked out in Ordnance Factories?

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

**Ans** Work-in-Progress means the value of work remaining to the completed under various work orders/warrants. This is worked out once in a year i.e. at the end of each financial year. At the end of each financial year the actual stock of the unused material and part finished works are made by the Fy. after physical verification and list of all articles showing the stage of manufacturing work order/warrants wise are prepared and sent to LAO. This is known as Annual Semi-Statement.

The labour portion of the semi-statement is priced with respect to the unfinished operations based on rates in the rate form. Similarly material remaining unutilized is priced at the same rate which bulk of the Demand Notes were priced. VOH & FOH are also levied as per the predetermined rates on the value of the labour amount in the semi-statement. The total value of the WIP is the sum total of all the value of WIP under various work orders/warrants.

**(Auth: Para 713,714 of the Office Manual Part VI Vol.II)**

**Q.4.** What are Stock Pile Items? How are they accounted for? Who is the competent authority for use of Stock Pile Items in Production?

**(4+2+2=8 Marks)**

**Ans.** Strategic Items of Stores which are very difficult to procure in case of failure of normal supplies are classified as Stock Pile Items. A reserve of such stores may be built up separately from working stock in the Fy. in order to meet up demands for future production in case of failure of normal supplies.

OFB is the competent authority to sanction Stock Pile Item. Stock Pile Item can not be drawn directly form production. They are to be transferred to stock ledger first and then be issued on Demand Notes as usual.

**(Para 514,515 of OM Pt.VI Vol.I)**

**Q. 5.** What is Standard Estimate? How it is priced and audited in the Accounts Office?

**(4+4=8 Marks)**

**Ans.** Standard Estimates are maintained for all the important standard items of manufacture in each Fy. Standard Estimates are prepared by the Factory after proper time and motion study and with due allowance for wastages and rejections

affording credit for any standard recoveries etc. The percentage of reduction indicated at the top as minimum and maximum in the Standard Estimate.

On receipt of this estimates in LAO for pricing and audit, the Labour Section will verify the labour operations of Piece Work rates and levy the constant DA%. Similarly Material Section will also verify and price the material with the latest monthly ALR. Finally, the Costing Section will levy the VOH & FOH as per the determined rates. After pricing, the estimate duly verified by the LAO will be returned to the Factory.

All Standard Estimates may be re-priced once in 6 months. In the case of standard estimates of IFDs, re-pricing may be done more frequently so that Issue Voucher may be priced as realistically as possible.

**(Auth: Para 601, 602 of the Office Manual Part VI Vol.II)**

**Q. 6.** How are these items treated in the Cost Accounts of Ordnance Factories:  
**(2x4=8 Marks)**

i) Superannuation Charges

ii) Fuel Charges

iii) Payment made to workmen under Workmen's Compensation Act

iv) Payment to Teachers employed in Ord Fys Schools

**Ans.** (i) Cost of Superannuation charges is treated as an item of Fixed Overhead and booked under work order No.01/00013/00 and shown under Debit Item No.4(d) of Production Accounts.

(ii) Cost of fuel consumed by the Fy. is treated as an item of variable OH and booked under W.O.No.02/00014/00.

(iii) Payment made to workmen under W.C. Act is treated as an item of Fixed OH and booked to W.O.No.01/00048/00.

(iv) Expenditure incurred for payment to teachers of OF Schools is treated as an item of Fixed OH and booked under W.O.No.01/00024/00.

**(Auth: Syllabus of Work Order Part-1 (1997 Edn))**

**Q.7.** What action will be taken by the Local Accounts Office in the following cases:  
**(4+4=8 Marks)**

(i) A supplier has reported that a cheque amounting to Rs.10,000 has been lost.

(ii) An excess supply has been made against a Supply Order and the value of which is 4% of the original value of the Supply Order.

**Ans.** (i) In case of a lost cheque the following action is to be taken:

i) An intimation should be sent to the Bank under "Registered post/Ack.Due" to stop payment of the cheque.

ii) On receipt of confirmation from the Bank, Accounts section should be asked to confirm as to whether paid cheque has been received at his end or not. If not,

then

iii) Fresh cheque may be issued to the party on receipt of Indemnity Bond duly scrutinized by the Fy. Mgt.

iv) A certificate is to be obtained from the party that the cheque has not been received by him and the same would be returned to the drawer when found later on.

**(Authority: Para 390 of OM Pt. VI Vol.I)**

(ii) In case of excess supply made is within 5% of Supply Order Value, it will not be treated as a separate transaction. However, a covering sanction from the GM is required for payment of this amount.

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

**Q. 8.** How are Agreement Form of Labour, Disbursement Certificate and Absentee Payment Registers linked?

**(8 Marks)**

**Ans.** Disbursement Certificate is prepared by the Fy. Mgt. showing payments made to IEs during the month. This is being paid out of advance obtained from A.O.

Absentee Payment Register is maintained by the Fy. in which all amounts remaining unpaid on the regular pay day are noted.

Agreement Form of Labour is prepared by the AO, in which the total amount passed for payment is noted section wise.

The process of linking these three documents are as under:

- i) Total amount of deductions as noted in the D.C. should agree with the total amount of deductions as mentioned in the Agreement Form of Labour.
- ii) The net amount payable as shown in D.C. should agree with the total amount shown as payable in AFL.
- iii) The amount of undisbursed wages as per D.C. should be verified with the grand total of Absentee Payment Register.
- iv) The grand total of the Absentee Payment Register should also agree with the amount shown as Undisbursed Wages in AFL.

**(Authority: Paras 214,216,218 & 219 OM Pt. VI Vol.I)**

**Q.9.** What is Block Register? What information does it contain?

**(4+4=8 Marks)**

**Ans.** It is a Register containing prescribed format in which all Capital Assets viz. machinery, building, electrical installations etc are recorded. It is maintained by LAO. Two such separate Registers are maintained. One for building items and the other for machinery items. Block Register of buildings contains complete records of accounting of buildings in the Fy., showing depreciation charges at the end of each year. Block Register of machinery shown only the Book value and contains the following information:

- i) Original Purchase value
- ii) First year's depreciation charges
- iii) Opening balance of Book Value of the Capital Assets

- iv) Additions during the year
- v) Reduction during the year
- vi) Closing depreciated Book Value at the end of the year

**(Auth: Para 754 of OM Pt. VI Vol.II)**

**Q.10.** Who are entitled for Holiday Pay? How is it calculated?

**(4 + 4=8 Marks)**

**Ans.** Only Piece Workers are entitled for Holiday Pay. It is not admissible to them when paid holidays fall within the period of leave without pay. It is also not admissible separately as an element of wages when paid holidays fall within a spell of leave with pay or half pay. In this case, the entire period will be treated as leave with pay or half pay. Holiday pay is admissible for any paid holiday affixed or prefixed to leave.

Holiday pay is calculated based on the formula  $1/N-S \times \text{Basic monthly rate}$ . 'N' represents number of days in a month and 'S' represents the number of Sundays in the month. Holiday pay is paid separately.

**(Auth: Para 202 OM Pt. VI Vol.I)**

**Q.11.** What is Deposit Stock? Who is the sanctioning Authority for its utilization? How is it accounted for?

**(4+2+2=8 Marks)**

**Ans.** These are stores being the property of other branches of the Armed Forces, sent to Ord. Fys. for repair, conversion, utilization, break up or disposals. They are to be kept separately from Ord. Fys. own stores. They are not entered in the PSL. OFB is the competent Authority to sanction Deposit Stock. It is classified as:-

- i) Stores held in Deposit Stock and which when drawn are to be rectified or repaired and issued in part or in full satisfaction of an extract or an IFD.
- ii) Stores held in Deposit Stock, and which are required to be drawn for rectification or repair and after completion there of are to be issued direct to the owner.

**(Auth: Para 511,512 OM Pt. VI Vol.I)**

**Q.12.** What safeguards are taken in Branch Accounts Office to ensure that double payment is not made against the same store purchased under LP grant?

**(8 Marks)**

**Ans.** The following safeguards are adopted to avoid double payment:

- i) After passing the bill it should be entered in the DP Sheet.
- ii) Paid bills are endorsed with the stamp "Paid & Cancelled".
- iii) Original copy of the Supply Order is also enfacd with stamp "Paid & Cancelled".
- iv) Only paid bills are sent for DV and on the basis of the DV the cheque is issued.
- v) Passed bills are returned to the concerned sections.
- vi) The net amount of cheque is recorded in the Register of Payments to Contractors.
- vii) The Register is reviewed periodically.

**(Auth: Paras 383 to 387 OM Pt. VI Vol.I)**

## SECTION IV (Air Force Portion)

- Q.1.** Please offer your comments on the following situations:
- (a) Third and fourth line servicing of Aero Engine is carried out by Station Workshop.  
**(3 Marks)**
  - (b) Personnel engaged in emulsion painting have been issued with extra milk.  
**(3 Marks)**
  - (c) Local audit staff has carried out Ration Account audit with reference to all connected documents except IAFS-1519.  
**(2 Marks)**
- Ans.**
- (a) The repair carried out by the Station Workshop is not in order. It is the Base Repair Depots that are responsible for third and fourth line repair/servicing of Aircraft, Aeroengines and other major equipment.  
**(Auth: Para 327 of AFLAM)**
  - (b) Personnel engaged in lead painting only are entitled for issue of extra milk. Hence issue of extra milk to personnel engaged in emulsion painting is not in order.  
**(Auth: Para 262(a) of AFLAM)**
  - (c) Not in order. IAFS-1519 i.e. Ration & Forage Return forms the basic document without which audit cannot be undertaken.  
**(Auth: Para 246(i) & (ii) of AFLAM)**
- Q. 2.**
- (a) What do you understand by the term 'Salvage Stores'?  
**(3 Marks)**
  - (b) In war system of accounting, if any particular item is issued in excess of authorized scale by the Commanding Officer, who can regularize such excess issue?  
**(2 Marks)**
  - (c) What is the periodicity of stock taking of explosive stores?  
**(4 Marks)**
- Ans.**
- (a) Salvage stores are stores/equipments which have been conditioned as beyond repair and are not fit for further use in the IAF.  
**(Auth: Sl.No.64 of Glossary of Terms, Air Force Equipment Regulations IAP-1501)**
  - (b) In such a situation, sanction of the AOC-in-C, if obtained, would be in order since he is the only competent authority to regularize such overissue.  
**(Auth: Para 5 of Chapter 42, Air Force Equipment Regulations IAP-1501)**
  - (c) It is once in two years.  
**(Auth: (i) Para 47(c) of Chapter 25, Air Force Equipment Regulations IAP-1501, (ii) Para 163(c) of AFLAM)**

- Q. 3.** (a) What do you understand by the term 'blacklisted stores'? **(4 Marks)**
- (b) Due to non-availability of Service Aircraft, the AOG equipment has been dispatched by civil airlines. Is it in order? **(2 Marks)**
- (c) What audit enforcement is made by Audit Staff after issue linking? **(2 Marks)**

- Ans.** (a) 'Blacklisted Stores' are stores which are considered 'unsafe' or ineffective and whose use is banned by Air Hqrs. Generally stores which fail at proof test due to some defect inherent in the explosives and are certified unsafe for use after investigation by QAS(Aero) are blacklisted. An entry of such stores is made on the appropriate page of the Black List Register recording their particulars.  
(Auth: Para 9 Chapter 38 Part III, Air Force Equipment Regulations IAP-1501)
- (b) It is in order. Normally AOG equipments are dispatched by Service Aircraft. However, in case of its non-availability, the same can be dispatched by civil airlines.  
(Auth: Para 70 of Chapter 3, Air Force Equipment Regulations IAP-1501)
- (c) The enforcement will be 'linked' and 'audited'. **(Auth: Para 62 of AFLAM)**

- Q. 4.** Write short notes on: **(4x2=8 Marks)**

- (a) Waste Oil
- (b) Off Specification Aviation Fuel

- Ans.** (a) **Waste Oil** : Oil drained out from MT vehicles or Aero-engine test bunches is regarded as waste oil and has to be returned to the stores on Form (Q)448. It is used for anti-malarial or dust prevention purpose or other service purpose as directed by the Commanding Officer.  
(Auth: Para 176 of Chapter 29, Air Force Equipment Regulations IAP-1501)
- (b) **Off Specification Aviation Fuel** : Aviation fuel may be suspected of being 'off specification' when it reaches its maximum storage life either in Bulk Storage, Barrels or other containers or tanks of stored Aircraft or being 'off colour' for any other reason. On receipt of test report showing that the stock of aviation fuel is off specification the unit concerned is expected to downgrade the fuel and add to the station bulk MT fuel storage tank in a proportion advised by the Govt. Testing Laboratory. Excess quantities are returned to ASC with full details of the conditions of the fuel including a copy of Test Report.  
(Auth: Para 135-136 of Chapter 29, IAF Equipment Regulations IAP-1501)

- Q.5.** (a) Who is competent to issue on loan Air Force equipment outside India? What is the procedure followed for issue of such loan? **(4 Marks)**



- (b) What audit checks are carried out on Photographic Equipment Log Books [IAFF(AO) 1225]?

**(4 Marks)**

- Ans.** (a) Govt. of India only is competent to issue Air Force equipment on loan outside India. All loans outside India are to be dealt with by the appropriate Equipment Depot. Should a unit other than the appropriate Equipment Depot be instructed that equipment held on charge is to be dispatched on loan outside India, such equipment is to be vouched to the Equipment Depot concerned on IAFF(Q) 429 detailing full particulars of the ultimate consignee and other terms of loan.

**(Auth: Para 3 of Chapter 11 read in conjunction with Para 1(b) of Air Force Equipment Regulations IAF-1501)**

- (b) The audit checks are as follows:
- i) Logbooks should be maintained for all types of Aircraft cameras, cine camera guns, recorders and all their accessories, drying and glazing machines, processing, printing, duplicating and Photostat machines, all types of enlargers and printers, photographic test equipment and projectors.
  - ii) Weekly and monthly inspection of equipment has been carried out and the same is kept in serviceable condition.
  - iii) A complete record of mechanical failures, repairs, modification & replacement is maintained.

**(Auth: Para 221 of Chapter-VII, AFLAM)**

- Q. 6.** Please explain as to what checks are exercised on Superannuation Statement to ensure that no Group 'D' non-industrial civilian employee has been retained in the Air Force beyond the age of superannuation.

**(8 Marks)**

- Ans.** The following checks will be exercised:

- i) On receipt of Pay Bill-cum-Acquittance Roll for March each year (i.e. Cash Account for April), it should be seen that the date of birth of all civilian personnel is indicated therein. The date of birth in the March paybill-cum-acquittance roll will be compared with that shown in the previous paybill for March and with Superannuation Statement pertaining to the previous year.
- ii) In the case of new names, date of birth shown in the March paybill-cum-A.Roll will be compared with the one shown in LPC/Paybill where pay was first drawn.
- iii) In case of new names appearing in Paybill-cum-Acquittance Rolls subsequent to March Paybill, it should be ensured that the date of birth of the individual concerned as indicated therein by the administrative authorities, is verified.
- iv) A certificate to the effect that none of the individuals for whom pay and allowances have been drawn in Paybill/Acquittance Roll has attained the age of superannuation or compulsory retirement is invariably furnished by the administrative authorities.
- v) Sanction of the competent authority for retention beyond the age of superannuation should be verified/called for.

**(Auth: Para 37 of Chapter VI, OM Part III)**

- Q. 7.** (a) What are the conditions under which pre-receipt inspection is carried out by the

Quality Assurance (Aero) inspector or suitable technically qualified NCO in an Equipment Depot?

**(4 Marks)**

- (b) How will the equipments other than the explosives and ammunition be accounted for in case, they while on charge, are found during inspection to have deteriorated not due to lack of suitable storage accommodation or due to failure to look after the articles properly?

**(4 Marks)**

**Ans.** (a) Pre-receipt inspection is carried out by the Quality Assurance (Aero) inspection or suitable technically qualified NCO at the Equipment Depot under the following conditions:

- i) When transit damage is suspected
- ii) When items are received without valid certificate
- iii) All items purchased against LPOs/DPOs or acceptance of tender issued by DGS&D where CIO/Specialist Officer of the consigned unit is designated as inspecting authority.
- iv) All unit returns
- v) When packing is damaged
- vi) When shelf life has expired
- vii) When identification of the items is different or incomplete.

**(Auth: Para 14 Chapter 38 Part II, IAF Equipment Regulations, IAF-1501)**

- (b) Such equipments are reflected in the accounts which are adjusted by means of a conversion voucher (Form (Q)403 or Form(Q)408) without recording the change in condition as loss.

**(Auth: Para 22 of Chapter 40, IAF Equipment Regulations IAP-1501)**

**Q. 8.** (a) Mention four allowances in respect of which Personnel Occurrence Reports (PORs) are promulgated?

**(4 Marks)**

- (b) Indicate the percentage of audit required to be carried out in respect of the following:

**(4 Marks)**

(i) Verification of credit to Govt. in case of loss statements not chargeable to the State

(ii) Payment issues

(iii) All initial claims of CEA

(iv) Railway Warrants

**Ans.** (a) PORs are promulgated in respect of the following allowances -

- i) Living out Ration Allowance
- ii) Compensation in lieu of Quarters
- iii) Conservancy Allowance
- iv) Conveyance Allowance

**(Auth: Note below Para 390 of AFLAM)**

- (b) i) 100%  
(Auth: Appendix I 4(iv)(b) AFLAM)
- ii)  $33\frac{1}{3}$  % checks relating to entitlement and quantity issued.  
(Auth: Appendix I 4(iii) AFLAM)
- iii) 100%  
(Auth: Appendix I 7(a) AFLAM)
- iv) 5% in detail and other general scrutiny  
(Auth: Appendix I (8) AFLAM)

- Q. 9.** (a) Distinguish between "strike off charge" and "write off charge"  
(4 Marks)
- (b) Define NIV number  
(2 Marks)
- (c) What is Forecast Factor?  
(2 Marks)

- Ans.** (a) The "strike off charge" is the term applied to the entry of an issue of stores in the Stock Record Card when the issue is not in respect of a loss. A "write off charge" means the posting of an issue in the Stock Record Card which pertains to a loss.  
(Auth: Glossary of Terms Sl.No.74&88 of IAF Equipment Regulations IAP-1501)
- (b) NIV stands for Not in Vocabulary equipment i.e. equipment which has not been allotted a reference no. or for which the manufacturer's part no. has not been adopted as a reference number by the Air Force for identification purpose.  
(Auth: Glossary of Terms Sl.No.46 of IAF Equipment Regulations IAP-1501)
- (c) Forecast Factor is the ratio between the strength (whether of aircraft, MT or personnel, etc) during the past and the expected strength during the future.  
(Auth: Glossary of Terms Sl.No.33 of IAF Equipment Regulations IAP-1501)

- Q.10.** (a) What is 'Passenger Manifesto form-1256'? How is it different from cargo manifesto?  
(4 Marks)
- (b) Distinguish between obsolete equipment and obsolescent equipment.  
(4 Marks)

- Ans.** (a) Passenger Manifesto Form 1256 contains essentially information regarding No., rank and status of the person conveyed in the aircraft (excluding crew members) while the cargo manifesto (Form 1256A) gives details of consignments, weight, etc carried in service aircraft.  
(Auth: Para 200 of AFLAM)
- (b) An equipment or store will be declared obsolete when approval has been accorded for its withdrawal from the service on account of -
- i) Technical inefficiency to carry out its intended role and non-justification for its continuance in service.
  - ii) Its required role has disappeared and it is of no use for any other role.

- iii) It has been completely superseded by an improved equipment or store.

An equipment or store will be declared obsolescent, when it has been decided that no further provision of than item will be made because the prototype of the successor equipment has been accepted or an equipment or store which although obsolete is required to be retained to meet technical/tactical training or other special requirements within the service.

(Auth: Sl. No. 47&48 of Glossary of Terms, IAF Equipment Regulations IAP-1501)

- Q.11.** (a) What action devolves on the LAO from whose area a self accounting unit of AF moves to another area? (4 Marks)

- (b) What AF Forms are used for payment issues and loan transactions? Indicate the purpose of each of these Forms. (4 Marks)

- Ans.** (a) LAO from whose area the unit moves should take the following action -
- i) To inform the LAO of the area to which the unit moves, the period upto and for which the accounts of the unit were last audited.
  - ii) To forward all the objection statements and vouchers files connected with that unit to the other LAO.
  - iii) To forward a list showing accounts and documents maintained by the unit which are subjected to audit by local audit staff.

Acknowledgement of the documents forwarded will invariably be obtained from the LAO of the area to which the unit moves.

(Auth: Para 20 of AFLAM)

- (b) The following AF Forms are used to record payment issues and loan transactions-
- i) IAFF(Q) 431 - for payment issues and loans
  - ii) IAFF(Q) 440-for payment issue of clothing to airmen
  - iii) IAFF(Q) 440-B for charging off loss/damage to Air Force equipment, etc.
  - iv) IAFF(Q) 509-for payment issue of rations

(Auth: Para 91, AFLAM)

- Q.12.** (a) What checks will be exercised while releasing the cash assignment by Imprest Section? (6 Marks)

- (b) In case any voucher is incorrectly compiled by the Imprest Section, who will make necessary readjustment? (2 Marks)

- Ans.** (a) The following checks will be exercised while releasing the cash assignment by Imprest Section:
- i) The amount required for each month, should be based on the past actual.
  - ii) The reserve of 20% included in the estimate has been worked out correctly.
  - iii) Any increased or diminished requirement as compared with those for the previous year are duly supported with the convincing reasons.
  - iv) The specimen signatures of the officer, who is authorized to operate the Public Fund Account and sign cheques are submitted in triplicate

duly attested by the AOC-in-C.  
v) The totals of monthly requirement have been correctly shown in the estimates.

**(Auth: Para 179 of OM Part-III)**

(b) The necessary readjustment will be made by the Audit Section concerned.

**(Auth: Para 197 of OM Part-III)**

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

**Q. 1.** (a) In what circumstances can a NLAO extend the period of his review of local audit of a Naval Establishment ?

**(4 Marks)**

(b) What is the frequency of review of local audit by the NLAO of a Naval store depot?

**(4 Marks)**

**Ans.** (a) NLAO can extend his period of review of local audit of a Naval Establishment in order to settle important objections on the spot. He should report the fact to the PCDA(N) for confirmation of his action in extending the time.

**(Auth: Para 6(a) NLAO's Manual)**

(b) The frequency of review of local audit by NLAO of a Naval Store Depot is monthly.

**(Auth: Para 8, NLAO's Manual)**

**Q. 2.** (a) What is the action taken in a Naval unit when a sailor losses his Clothing History Book?

**(4 Marks)**

(b) What percentage check of the duplicate Clothing History Book is made by the NLAO?

**(4 Marks)**

**Ans.** (a) When a sailor loses his clothing History Book a thorough investigation is made by the Commanding Officer and necessary disciplinary action is taken against the sailor. He is issued with a duplicate CHB Responsibility of transcribing entries in the duplicate CHB will rest with the Accounting Officer. NSD will be informed of the loss. If the original CHB is found, it will be marked as "cancelled" and forward to NSD.

**(Auth: Para 129(b) NLAO's Manual)**

(b) The entries in the duplicate CHB will be subject to a 10% check by the NLAO.

**(Auth: CS 76/89 to Para 129(b), NLAO's Manual)**

**Q. 3.** (a) What is the responsibility of the NLAO regarding discrepancies arising out of stock verification in the Units Stock Report Sheet?

**(4 Marks)**

(b) What is the periodicity of stock verification by the Unit regarding valuable items such as Binoculars?

**(4 Marks)**

**Ans.** (a) The NLAO has to ensure that discrepancies revealed during stock verification have been scrutinized and proper explanation recorded on Stock Report Sheet, that remedial measures to avoid discrepancies is recorded on the Stock Report Sheet and loss statement for discrepancies are attached.

**(Auth: Para 90, NLAO's Manual)**

- (b) Periodicity of stock verification of Binoculars is once a month.  
(Auth: Para 90, NLAO's Manual)

**Q. 4.** What factors are taken into account by NLAO while selecting one month's account for detailed check?  
(8 Marks)

**Ans.** NLAO selects month for detailed check based on:

- i) Particular type of past irregularities and the month's account in which they were committed.
- ii) account of the month immediately preceding the inspection can be selected.
- iii) accounts pertaining to the month of March can be selected for detailed check.

(Auth: Para 223, NLAO's Manual)

**Q. 5.** In what circumstances are pay and allowances ceased for a naval officer?  
(8 Marks)

**Ans.** Pay and allowances are ceased for a naval officer.

- beyond the age of compulsory retirement.
- in case of death pay is stopped from the date following that of death.
- no pay for period of absence without leave.
- no pay for EOL without pay
- no pay when an officer is dismissed with or without disgrace or removed from service or suspended for absence without leave.
- no pay when officer proceeds on civil appointment or on foreign service.

(Auth: Para 145 OM Part VII)

**Q.6.** What is the difference between submarine allowance and submarine pay admissible to a sailor?  
(4 Marks)

**Ans.** Submarine allowance is admissible to a sailor who is attached for training or for exercise in a submarine.

Submarine pay becomes admissible to a sailor when he completes his training and is appointed as part crew or spare crew of a submarine. Submarine allowance and submarine pay are not admissible concurrently.

Secondly, submarine allowance is claimed from PCDA(N) on a contingent bill duly supported by genform while submarine pay is subject to preaudit through an Authorisation slip by the IRLA section of PCDA(N).

(Auth: Paras 170, 252 of OM Part VII)

**Q.7.** (a) What is the purpose of the Pay Book supplied to a sailor?  
(4 Marks)

(b) What proportion of closed pay books are audited in IRLA section?  
(4 Marks)

**Ans.** (a) A sailor is supplied with a paybook to enable him to draw advances against

entitlement. All payments made by the supply officer/Imprest Holder are entered in the pay books on the dates they are made.

**(Auth: Para 209 OM Part VII)**

- (b) Closed Pay Book of the sailor is returned by his unit to Naval Pay Office who in turn forwards a list of closed pay books to IRLA section. 1/3rd of this list of pay books are selected by IRLA section for audit.

**(Auth: Para 209 OM Part VII)**

**Q.8.** What is the difference between Cash Assignment and Money Warrant?  
**(8 Marks)**

**Ans.** Cash Assignment is a letter of credit in favour of Naval Establishment placed by Disbursement section of PCDA(N) authorizing RBI/SI/Treasury Officer to make payments upto the limits specified therein.

Money Warrant is also a letter of credit issued by Disbursement section of PCDA(N) but it is issued in favour of IN ships.

**(Auth: Paras 292&294, OM Part VII)**

**Q.9.** (a) When is Flying Pay admitted to a Naval Officer?  
**(4 Marks)**

(b) When is Flying Pay discontinued?  
**(4 Marks)**

**Ans.** (a) Flying Pay is admitted to a Naval Officer for initial flying training. Flying Pay is also admissible to officers of the aviation cadre who specialize as pilots.  
**(Auth: Para 141, OM Part VII)**

(b) Flying Pay is discontinued from the date officer is withdrawn from flying training or successfully completes flying training or when officers of the Aviation Cadre are shifted to general service complement.

**(Auth: Para 141, OM Part VII)**

**Q.10.** (a) What are Genforms?  
**(4 Marks)**

(b) Who are authorized to sign a Genform?  
**(4 Marks)**

**Ans.** (a) A genform is used to promulgate casualties when they occur in respect of officers & sailors of the navy such as transfer, promotion, admission to a hospital..  
**(Auth: Para 202, OM Part VII)**

(b) Genform will be signed by the Commanding Officer or an officer duly authorized by him.

**(Auth: Para 202, OM Part VII)**

**Q.11.** (a) What are non-self accounting ships?  
**(4 Marks)**

(b) Who maintains their accounts?  
**(4 Marks)**



- Ans.** (a) Non-self accounting ships are ships which do not have a supply officer on their strength or are specifically designated by IHQ through Navy orders.  
(Auth: Para 142, NLAO's Manual)
- (b) Base Supply Officer on the Share Establishment to which these ships are attached maintain a record of Naval Store Accounts on Form IN-329/S-151, a page being allotted for each such ship. No account is kept of consumable stores. The Account maintained by the Base Supply Officer will be audited by the NLAO.  
(Auth: Para 142, NLAO's Manual)

- Q.12.** (a) What are three kinds of Naval Stores? (4 Marks)
- (b) Explain each one briefly. (4 Marks)

- Ans.** (a) Three kinds of Naval stores are
- i) Permanent stores
  - ii) Consumable stores
  - iii) Quasi-permanent stores
- (Auth: Para 137, NLAO's Manual)
- (b) Permanent stores are those which are not consumed or altered in use. They are of greater value and have a greater functional importance.
- Consumable stores are of a small monetary value and are generally consumed.
- Quasi-permanent stores are issued in exchange for an equal quantity of unserviceable stores of the same kind. eg. brushes, screens.  
(Auth: Para 137(a,b,c), NLAO's Manual)