

SEPT. - 2013

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-II

SEPTEMBER, 2013

Model

Answer

PAPER-V - PRACTICAL (WITH BOOKS)
SUBJECT: WORKS, STORES AND INTERNAL AUDIT

Time Allowed: 3 Hours

Max.Marks:100

PART-'A'

SECTION-1 (Common to all Candidates)

Notes

- 1 Only Ten questions should be attempted - FIVE from Section -I and FIVE from Section -II. Each question carries 10 marks.
- 2 Section-I is common to ALL. Each question will carry 2 parts- One part theory carrying 3 marks and the other part practical carrying 7 marks.
- 3 Candidates permitted to answer questions relating to ARMY or AIR FORCE or NAVY or FACTORY portion of Section-II should answer any FIVE question from Sub-section A - ARMY or B -AIR FORCE or C- NAVY or D-FACTORY. Answer to the questions to Section-II should be written in a separate Answer Book.
- 4 Reason must be given in support of the answers. Authority must be quoted in support of the answers.

*Section I (Works Accounts)
(Common for ALL Candidates)*

- 1 (a) How is the Cash Assignment placed with an MES officer ? What is the responsibility of officer receiving the cash assignment?

(3 Marks)

Ans. The MES officer will maintain a record on IAFA-277 of the amount of assignment, daily transactions and the balance. He will prepare a monthly reconciliation statement for the cheques issued and drawn by him. Any unpaid balance on the last day of the financial year will lapse to the Govt.

Authority: Para-535 of MESR

- (b) (i) Due to urgent requirement of local conditions, Chief Engineer ordered GE to undertake the construction of a building by procuring items which are not authorized. Is it in order? Please Comment.

(2 Marks)

Ans. It is not in order. The works which are not authorized are special items of work. Chief Engineer cannot order special items of work. It is only C.F.A. who can give formal approval.

Authority: Para 6 (C) DWP 2007

- (ii) A Contractor has claimed an amount of RAR payment of Rs. 2 Lakhs for the purchase of material by him for a contract. He has also claimed Rs. 1 lakh for getting labours and constructing sheds for them. Can the contractor be given advance payments.?

(2 Marks)

Ans. MESR Contractor can be given 85% of advance of imperishable material. For labour and construction of labour camp it will not exceed amount of security held with sanction of GE.

Authority: Para 481 & 482 of MESR

- (iii) A GE has supplied water free of cost to a contractor while executing the contract. Is it in order?

(1.5 Marks)

Ans. It will be in order subject to condition laid down at above para.

Authority: Para 454 of MESR

- (iv) A GE has made budget provision for construction of a building at the cost of Rs. 5 Lakhs under Major Capital Works. Is it order?

(1.5 Marks)

Ans. Not in order. It should be budgeted under low budgeted capital work being less than Rs. 15 lakhs.

Authority: Para 5(ii) DWP 2007

- 2 (a) What is SSR? Does the Main Office of PCDA/CDA has any role in it?

(3 Marks)

Ans. Main office of PCDA/CDA hasn't any role in its preparation. However during scrutiny of contracts it is seen that it is prepared as per the orders of E-in-C.

Authority: Para 335 of MESR

- (b) (i) In case of construction of a Military building, the approximate cost is Rs. 1 crore whereas the lowest rate obtained after tendering action is Rs. 1.5 crores. What is the action on the part of Engineer in - charge?

(2 Marks)

Ans. The rate obtained is 50% more than the estimated cost. Hence it can be considered as a freak rate. The action on the part of the engineer in charge is contined in para 424 of MESR.

Authority: Para: 424 of MESR

- (ii) Does the MES maintain the gardens inside the cantonment? Please comment.

(2 Marks)

Ans. Normally it does not maintain. However under certain conditions the MES maintains gardens in the cantonment.

Authority: Para-253 of MESR

- (iii) During the rain, there was heavy seepage in give residentail quarters in cantonment. The approximate cost of repair is Rs. 2.5 Lakhs. Please mention the budget head to which the cost of repair may be charged.

(1.5 marks)

Ans. It is budgeted under detailed head(d)- Special Repair.

Authority: Para 226 MESR.

- (iv) A Sub Area Commander has been transferred to a Directorate at Army HQrs. He has applied for retention of his reserved accommodation at his old station. Please advise the officer if it is possible.

(1.5. Marks)

Ans. Since the officer will have no reseerved accomodation at new duty station, he will be provided with single accodation at new station at normal rental liability and will be provided with alternative accomodation at the old duty station on normal rental liability.

Authority: Para 73(b) Part-II Addenda-IV UA

- 3 (a) What is the difference between authorized work and special work?

(3 Marks)

Ans.

Authority: Para. 6(a) (b) DWP 2007

- (b) (i) During construction of a Military Hospital, a separate facility for physiotherapy was added later. How is this additional work treated for the purpose of budget allotment?

(2 Marks)

Services authorized by Govt. in regulations or by separate orders of a general or specific nature and services which it is customary to provide for troops etc as laid down in Scale of Accommodation for Defence Services 1983 or other authority issued by Govt of India are broadly as Authorized work & services not falling into this class are referred to as Special work.

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Ans.

Supplementary work to a main project sanctioned/released during years will be treated as new major work for the purpose of allotment of fund. Since construction of MH is a major work, this additional work will also be treated as new major work for allotment of fund.

Authority: Para-2 (C) of Appendix (A) of DWP 2007

- (ii) A Station Commander desires to carry out works connected with Rain Water Harvesting . Is it authorized? Please comment.

(2 Marks)

Ans.

Yes, Rain water harvesting is an authorised work.

Authority: Para 22(7) Addenda VI DWP 2007

- (iii) A sewage line is to be laid in a newly constructed colony for Army personnel. How do you classify this work for purpose of making budget provision?

(1.5 Marks)

Ans.

Original works

Authority: Para 4 of DWP 2007

- (iv) Can a chief engineer in MES dispense with advertising a tender and conclude contracts? Please comment.

(1.5 Marks)

Ans.

Yes, Special powers have been given to chief engineer for carrying out urgent works within compressed time frame.

Authority: Para -38 of DWP 2007

- 4 (a) How is the financial control over works expenditure ensured?

(3 Marks)

Ans.

The principles are contained in **Para -176 of MESR.**

- (b) (i) A sewage treatment plant is to be constructed in a Cantonment at an A.E. of Rs. 2.5 Crores having special work component of Rs. 40 Lakhs. Who is the C.F.A. to sanction it.?

(2 Marks)

Ans.

Chief of Army Staff with concurrence of IFA in view of special work component of Rs. 40 lakhs.

Authority: Appendix D of DWP 2007

- (ii) How are the pay and allowances of industrial employees adjusted in MES?

(1 Marks)

Ans.

In case of industrial employees it is charged directly to the work head.

Authority: Para -558 of MESR

- (iii) What types of contracts are required to be concluded in following cases:

- (a) Repair to a number of roofs in a residential colony.
- (b) Repair to roads in a military station.
- (c) Supply of furniture
- (d) Construction of Administrative Block for Area HQrs.

(1 Mark Each)

Ans.

- (a) Term contract - **[Authority: Para 403(i) & 411 of MESR]**
- (b) Item rate contract - **[Authority: Para 403(ii) of MESR]**
- (c) Rate contract for supply of furniture **[Authority: Para 403(iv) of MESR]**
- (d) Lum Sum Contract- Para 403/404 of MESR **[Authority: Para 403/404 MESR]**

- 5 (a) How is the construction account maintained in case of OP work?

(3 Marks)

Ans.

~~It is an OP work.~~ To execute OP work they are supplied with S& S imprest under the sanction of C.E. corps. From S& S imprest they can release the payment.

Authority: Para-9 Addenda -III Section-I DWP

- (b) (i) An Army formation in a border area procured stores for construction of a shed. How is the payment released to the supplier?

(2 Marks)

Ans.

Chief engineer of the formation will assess the approximate cost. After the sanction of the work he will intimate the same to CDA. CDA maintain the construction account. Sanctioning and technical authority are informed by CDA of ceiling of expenditure of expenditure if it is exceeded.

Authority: DWP 2007 Addenda-III Management of OP Works. Section-1 Para-18

- (ii) A Divisional HQrs. purchased computer stationery for Rs. 50,000/- out of budget of OP works due to urgent requirement. Please comment on action of the unit.

(2 Marks)

Ans.

No provision to procure stationery under OP works procedure.

(Authority: Addenda III Para-28 DWP 2007)

- (iii) The Formation Engineers need store items for maintenance of assets created out of OP works. What action need to be taken by them?

Ans.

The have to get the prior permission of the chief engineer of corps. All the supporting documents for purchase of stores shall be sent to chief engineer for his sanction.

Authority: DWP 2007 Addenda - III Management of OP Works. Section-II Para 93

- (iv) Due to urgency in starting a works contract, GE has ordered AO GE for release of provisional payment to a contractor pending allotment of budget. AO GE under pressure has released the payment. Is it in order?

(1.5 Marks)

Ans.

It is not in order. AO GE will ensure that no provisional payments are made by the MES officer. PCDA/CDA should order such provisional payments.

Authority: Para 137 AU Manual

- 6 (a) Can a contract be cancelled for corrupt acts?

(3 Marks)

Ans.

~~It is contained in~~ **Para-52 of IAFW-2249**

- (b) (i) In a Term Contract for repairs to water tanks in a residential colony, due to heavy rain, contractor has not accepted one month extension of time given by GE and contractor has also demanded compensation of Rs. 50,000/-. Please advise GE on action to be taken.

(2 Marks)

Ans.

GE has power to grant extension for all term contracts. No compensation to be paid to the contractor for extension of time.

Authority: Para 11 (A) & © of IAFW 2249

- (ii) What are Works Site Order Book and Works Dairy?

(2 Marks)

Ans.

Work site order book is maintained by engineer in charge to give instructions to the contractor. Work dairy keeps the record of all events in the execution of the work in case of major work exceeding Rs. 5 lakh and it is signed by the contractor daily.

Authority: Para 44 of IAFW-2249

- (iii) What is "Defects Liability Period" in a contract?

(1.5 Marks)

Ans.

It is a period of 12 calendar months after the works have been handed over to the Govt. The contractor is liable to repair the defects as ordered by the engineer during this period at his cost.

Authority: IAFW-2249

- (iv) A BSO has not been sending occupation reports to AO GE office for raising license fee bills. AO GE has informed the employees that he can raise bills only on receipt of occupation reports from BSO. Is it in order?

(1.5 Marks)

Ans. It is not in order. AO GE will prepare license fee bill on basis of previous month entries in revenue ledgers subject to readjustment on receipt of occupation reports.

Authority: Para -198 UA Manual

- 7 (a) What are special instructions for scrutiny of Term Contracts?

(3 Marks)

Ans. ~~Scrutiny of term contract.~~

Authority: Para -26 of OM Part-VIII

- (b) (i) A GE has approved appointment of 10 workers on temporary basis for upkeep of MES installations. What are the points to be seen by RAO during his audit?

(2 Marks)

Ans. The audit and payment of bills for the temporary workers are subject to necessary audit.

Authority: Para-96 MES Local Audit Manual

- (iii) On completion of a contract, a contractor approached CE for refund of security deposit. CE asked him to apply to CDA office because they hold the document. Is it in order?

(1.5 Marks)

Ans. It is not in order. CE should follow instructions as per **Para -39 of OM Part-VIII**

- (iv) What happens if a contractor refuses or neglect to submit his final bill in a contract?

(1.5 Marks)

Ans. ~~Contractor signing the bill in protest, refuses to submit the bill~~

Authority: Para 63(i) of OM Part-VIII

- 8 (a) What are the points to be seen in audit of RAR relating to payment of advance for material at site?

(2 Marks)

Ans. ~~Bills for payment of material in RAR.~~

Authority: Para-63(xvii)(c) (4) of OM Part-VIII

- (b) (i) In case of construction of a new building for Army Base Workshop at the cost of Rs. 20 lakhs, what is the RAR payment due to the contractor?

(2 Marks)

Ans. 90% of value of work executed for first Rs. 5 lakhs, 92½% for next Rs. 5 lakhs and 95% of value of work executed for the balance.

Authority: Para-63(xvii) of OM Part-VIII

- (ii) Requisition, indents, supply orders etc. supporting a bill received in E section of Main Office should be cancelled at the time of audit. Why is it necessary to do so?

(2 Marks)

Ans. It is required to be cancelled to avoid possibility of another claim being preferred.

Authority: Para-47 OM Part-VIII

- (iii) In scrutiny of contract in E section, it is seen that after accepting a contract, a CE went on leave due to some urgent work. He asked CWE to sign all the papers in contract documents. Is it in order?

(1.5 Marks)

Ans. It is not in order. The accepting officer has to sign it personally.

Authority: Para 24 (v) (vi) OM Part-VIII

- (iv) Can an MES officer competent to accept a contract, issue amendment to contract under all circumstances?

(1.5 Marks)

Ans. There are exceptions. The competent authority to accept a contract cannot issue amendment in all situations

Authority: Para 30(ii) of OM Part-VIII

SECTION-II (Store Accounts and Internal Audit) (A) ARMY

(FOR CANDIDATES OTHER THAN AIR FORCE, NAVY AND FACTORIES)

1 (a) What is stock taking of stores? What happens in case of variation between ground balance and ledger balance?

(3 Marks)

Ans. See the stock taking of stores at ~~Para-268, 270 of SAI~~

(b) (i) A supplier's bill for local purchase was received in store section of CDA without CRV. Due to unit's request for urgency, the bill was passed. Is it in order?

(2 Marks)

Ans. Not in order. The bills required to be supported by original copies of receipt vouchers on which the stores in question have been brought on charge in the accounts of the formations taking delivery of the stores

Authority: Para-6 of SAI

(ii) An ordnance depot has accepted the material without receiving the inspection note. Is it in order?

(2 Marks)

Ans. It is not order. The inspection note is required to check the store and take it on charge by the depot. A copy is given to the contractor to claim his payments. A copy is given to CDA for credit verification by LAO

Authority: Para-5 of SAI

(iii) A commandant of depot transfers some store items ^{item to} another depot with consent of that depot commandant. Is it in order? *item to*

(1.5 Marks)

Ans. It is not in order. Permission of Director of ordnance services is required.

(Authority: Para -21(vi) of SAI

(iv) An ordnance depot issued clothing stores to an army unit. How many issue vouchers are required to be prepared and how are they disposed?

(1.5 Marks)

Ans. These are issued to army units. These are free issues. Six copies of vouchers are prepared. 2 copies for consignee, 2 copies for LAO, 2 copies retained in depot.

Authority: 1(a) of Para 10 of Appendix -I of SAI

2 (a) How many types of accounts cards are maintained in accounting of stores in ordnance depot?

(3 Marks)

Ans. ~~Maintenance of accounts cards~~

Authority: Para-17 & 18 of SAI

(b) (i) In one the signal depots some items were found missing during stock taking. Army authorities requested PCDA for giving them assistance for investigation. Is it in order?

Ans. It is in order. If the investigation is complex and assistance of expert audit officer is required, a written request to PCDA by name should come. Thereafter, the administrative authority and the audit authority will be responsible within their own spheres for the expeditious conduct of the enquiry.

Authority: Para - 242 of SAI

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OFFICE OF THE PRINCIPAL CONTROLLER OF ACCOUNTS (E&S)

(ii) An LAO has written to OC of the unit for stock verification . Is it order? Please comment.

(2 Marks)

Ans. It is in order. It authorizes stock verification by Defence Accounts Department.

Authority: Para-295 of SAI

(iii) A salvage depot has received unserviceable Revolvers for repair. Is it in order?

(1.5 Marks)

Ans. It is not in order. Salvage depot does not receive small arms for repair.

Authority: Para -41 of SAI

(iv) During annual stock taking in a depot, surpluses were found. What actions are required?

(1.5 Marks)

Ans. It requires to be investigated and surpluses to ledger balance will be brought to account on certified receipt vouchers.

Authority: Para-291 of SAI

3 (a) What is payment issue by book debit to non-military departments? How many copies of issue vouchers are prepared and for what purpose?

(3 Marks)

Ans. Answer see at Sl. No. (b) (i) of Appendix-I of SAI

(b) (i) An army unit has corrected the ledger balances in the store accounting due to erroneously bringing forward the balances from another ledger resulting in large corrections and alterations. What actions are suggested?

(3 Marks)

Ans. Answer see at Para-119(b) of Appendix-I of SAI

(ii) A vehicle depot has issued POL to an unfit vehicle. Is it in order?

(2 Marks)

Ans. It is in order to issue POL subject to conditions given in para 71.

Authority: Para-72 of SAI

(iii) A sub area has notified the payment issue rates for locally purchased ASC articles. How have the rates been arrived at?

(1.5 Marks)

Ans. The recovery rates are annually calculated by PCDA/CDA on the basis of contracts and are notified by the concerned Area/Sub Area.

Authority: Para 227 (b) SAI

(iv) An EME workshop carried out repairing work of refrigeration equipment for a military farm after accepting advance payment. Is it in order?

(1.5 Marks)

Ans. It is in order. No financial adjustment is required. However it will be shown in the book of the farm for cost accountability purpose.

Authority: Para- 96 of SAI

4 (a) What are the objectives of inspection of public fund account of units by LAO and what is its frequency ?

Ans. ~~The main objectives of inspection of public fund account by the LAO and its frequency has been given at Para-5 & 6 of ALAM Part-II~~

(b) (i) During visit of a senior Army officer to a unit, the unit CO hired civil hired transport for the use. Is it in order?

(2 Marks)

Ans. It is not in order. MH is a bigger unit which is to be audited half yearly. In case LAO requires more man-days for special audit, he may get the approval of PCDA/CDA for his programme.

Authority: Para-9 & 10 of ALAM Part-I

- (ii) During visit of a senior Army officer to a unit, the unit CO hired civil hired transport for the use. Is it in order?

(2 Marks)

Ans. They can hire subject to condition that (i) when no service transport is available locally (ii) when no hired transport contract exist.

E-2 (transport)
Authority: Para-2 of Addenda-VIII (Extra Study Material) of ALAM

- (iii) A unit in a cantonment has a mango garden of 20 trees on the land under their occupation. The unit is planning to plant more trees on it. They are selling the fruits and crediting to Regimental Fund. LAO has objected to it. Is it in order? What is your comment?

(1.5 Marks)

Ans. It is in order for the planting and maintaining trees in A-1 lands.

Authority: Para 304 iv(c) ALAM Part-I

- (iv) What happens to Copy No.3 & Copy No.4 of vouchers issued by ordnance depot?

(1.5 Marks)

Ans. Copy No. 3 is for consignee and retained by him. Copy No. 4 is for the cosignor LAO who keeps it and uses it for pairing Copy No.5 which is sent to consignee LAO.

Authority: Para-40 of ALAM Part-I

- 5 (a) In which of the cases a Local audit officer is required to bring to the personal notice of PCDA/CDA with a special report?

(3 Marks)

Ans. ~~The instructions for LAO for bringing the cases for personal notice of the controller has been given at Para- 18 of ALAM Part-I~~

- (b) (i) When does an LAO report an object through MFAI?

(2 Marks)

Ans. MFAI is raised for cases leading to fraud and misappropriation.

Authority: Sub Para 6 of Appendix B Referred to in Para 99 of ALAM Part-I

- (ii) A Local audit officer selects the account for the month of March of an army unit for cash inspection. Is there any particular reason for LAO to do so?

(2 Marks)

Ans. The LAO selects the month of March because it is an important month from the point of view of expenditure.

Authority: Para 36 ALAM Part-II

- (iii) A unit has made purchase under CO's power of 5 TVs worth Rs. 2,00,000/- out of ATG. How is the credit verification done in unit's ledger?

(1.5 Marks)

Ans. The disbursing PCDA/CDA will send the abstract of vouchers to concerned LAO after payment for credit verification of television sets.

Authority: Para-67 of ALAM Part-I

- (iv) An infantry unit has sent a Maruti Gypsy for repair to ABWS. ABWS issued a Stock Group Work Order after receipt of vehicle. LAO has objected to work order. Is it in order? Please comment.

(1.5 Marks)

Ans. LAO's objection is correct. It should be deposit repair work order not stock group work order.

Authority: Para-245,246 of ALAM Part-I

- 6 (a) Please name the registers and records to be seen by LAO during local audit of DEO office.

(3 Marks)

Ans. *Page 137 ALAM Part I*

- (b) (i) LAO during the visit to a Base Workshop came to know that a vehicle declared BER is being used by them. What should be his advice to the unit?

(2 Marks)

Ans. Vehicles found to be beyond economical repair by workshops and hence downgraded to class VI will be reported by the workshops to the depot, who will collect the vehicles from the workshops and deliver to salvage on regular vouchers.

Authority: Para 246(vi) ALAM Part-I

- (ii) During the test check, LAO finds that in case of 2 vouchers, credits have not been afforded in the ledger. What actions are required on the part of LAO?

(2 Marks)

Ans. LAO shall put it under objection and it will be part of objection statement. He will investigate the reasons.

Authority: Para-56 ALAM Part-I

- (iii) In cash inspection, LAO finds that a unit cash book shows cash holding of unpaid LTC advance for Rs.1 lakh for five employees since last one month. Is it in order?

(2 Marks)

Ans. LAO will object to heavy balance, probe it and critically examine the same. He will consult previous cash inspection report and bring to the notice of OC confidentially.

Authority: Para-42 (v) ALAM Part-II

- (iv) What is the difference between audit objections and audit observations? Please give two examples.

(1.5 Marks)

Ans. It classifies the difference between objections and observations.

Authority: Para 2 & 3 of Appendix B of ALAM Part-I

- 7 (a) What is the procedure for audit of Regimental Fund? Can DAD carry out audit of Regimental Fund?

(3 Marks)

Ans. DAD can carry out the audit of regimental fund if directed by the ministry

Authority: Addenda IV, Para 30, ALAM Part-I

- (b) (i) A unit CO has signed blank railway warrant forms in advance because he was going on leave. Is it in order?

(3 Marks)

Ans. Not in order. LAO will report to PCDA/CDA who in turn will report to the Army Authorities.

Authority: Para 447 (e) ALAM Part-I

- (ii) An LAO carried out the cash inspection of one NCC unit yearly by taking one month vouchers. Is it in order?

(3 Marks)

Ans. It is not in order. He should select two month's accounts for inspection.

Authority: Para 7(Note) ALAM Part-II

- (iii) An account card in an ordnance depot is transferred from Live Series to Dead Series. What are the audit checks for the LAO?

(1.5 Marks)

Ans. It happens where stock balance is NIL for last two stock taking cycles and have not dues in.

Authority: Para 211(xi)(A) of ALAM Part-I

- (iv) In a M.H. huge number of time expired medicine was detected during stock taking. Depot informed LAO that is a technical issue of medicine stock and audit has no role. Is it in order? Please comment.

(1.5 Marks)

Ans. Depot is not correct. LAO can raise necessary object on an expired stock of medicines.

Authority: Para 190/197 ALAM Part-I

- 8 (a) What are the precautions for drawing advances during through Emergency Cash Requisition?

Ans. ~~The precautions for drawing advances during Emergency Cash Requisition laid down in Para 819 of DSR.~~

- (b) (i) Commandant of Infantry School Mhow has decided to introduce a new course for the training of officers. Is it in order?

Ans. (2 Marks)
It is not in order. It is CAT 'A' establishment. All courses to be introduced will be decided by Army HQrs.

- (ii) A soldier was caught while selling spare parts of vehicle to a civilian person in an EME workshop. CO of the unit ordered administrative action against him. Is it in order?
granted leave for 30 days. He joined duty after 40 days.
Can he be declared a deserter for overstay of leave.

Ans. (2 Marks)
It will not be a case of deserter if the C.O. can condone delay upto 14 days. If CO does not approve the delay beyond 30 days, the soldier will be declared a deserter.

Authority: Para 377 of DSR

- (iii) A soldier was caught while selling spare parts of vehicle to a civilian person in an EME workshop. CO of the unit ordered administrative action against him. Is it in order?

Ans. (2 Marks)
No it is not in order. It is a case of theft and dishonesty involving financial loss of public money. Hence he should be tried by court martial or prosecuted before a civil court.

Authority: 432 of DSR

- (iv) A major in an ordnance depot is authorized cash officer. However he has delegated this power to a JCO. Is it in order? Please comment on the responsibilities of both officer & JCO.

Ans. (1.5 Marks)
It is not in order. Officer may delegate to write the entries in the cash book to a responsible subordinate. But he has to initial all entries. His personal responsibility to check all transactions and entries remains.

Authority: Para 816 of DSR

SECTION-II (Stores Accounts and Internal Audit) (B) AIR FORCE

- 1 (a) Under how many categories are the IAF stores classified?

Ans. (3 Marks)
IAF stores are classified in three categories as follows:-

- (i) Class 'A' - All articles which remain on charge and cannot be exchanged except on their return to stores, and which, when defective beyond the capacity or authority of the unit to repair, must be returned to appropriate Repair Depot.
(ii) Class 'B' - All articles which remain on charge and cannot be replaced except on their return to stores but which may be conditioned.
(iii) Class 'C' - All articles not covered by Class 'A' or 'B' above and which are normally totally consumed in use.

- (b) Can an airframe be considered as an aeroplane? Explain.

Ans. An aeroplane without engine(s) installed is Airframe. This term includes Glider also.

Authority: IAP 1501, P-3
Glossary of Terms No 3.
(4 Marks)

Authority: IAP 1501, P-3
Glossary of Terms No. 5

(c) Is Glider an airframe?

Ans.

An aeroplane without engine(s) installed is Airframe. This term includes Glider also.

(3 Marks)

Authority: IAP 1501, P-3
Chapter 17, Term 3 No 3

2 (a) What do you understand by the term "reduction to spares"?

Ans.

The term "reduction to spares" refer to the dismantling of an assembly and account for certain serviceable or repairable parts as instructed for that dismantled assembly.

(3 Marks)

Authority: IAP 1501, P-6
Chapter 17, Term 5 No 57

(b) Explain the concept of priorities on demand in IAF.

Ans.

Priorities on demands refer to the process which ensure that equipment which is urgently required is made available with the least possible delay.

(1 Marks)

Authority: IAP 1501, P-58, Para-23
Chapter 17

(c) What does the following stand for :

- (i) AOG
- (ii) IOR
- (iii) MOG

Ans.

- (i) AOG - Aircraft on Ground
- (ii) IOR - Immediate Operational Requirement
- (iii) MOG - Missile on Ground.

Authority: IAP 1501, P-58-59, Para-23

3 (a) Name any four audit checks that are to be exercised in audit of Flight Authorization Book IAFAO-1202

Ans.

The Flight Authorisation Book, IAFAO (AO) 1202, which is a record of all flights authorized, is designed to show particulars regarding the nature of duty necessitating the flight, the aircraft flown, the duration of the flight, the crew etc. This will be checked to see that:-

- (i) All the columns have been properly completed and the book is written up in strict chronological order and that there are no unattested alterations;
- (ii) The specific nature of duty is indicated in column F. (duty or practice ordered) to determine the admissibility or otherwise of the flight;
- (iii) Flying hours are correctly worked out as based on 'time of take off' and 'time landed'
- (iv) The book is signed by the O.C. the flight at the end of each day's flying and at the end of each completed page by the Station Commander at the end of each calendar month;

Authority: AFLAM, P-151, Para-199

(b) Explain Passenger and Cargo manifests. Is Passenger manifest issued in respect of the crew?

Ans.

Passenger manifests contain essential information regarding No. Rank, Name and status of the person conveyed in the service aircraft while the Cargo manifests give details of consignments, weights, etc., carried in service aircraft.

(4+1 Marks)

Authority: AFLAM, P-153, Para-200 and Note below Para-201(i)

(c) In an Emergent case some articles were issued on loan to civil authority on the approval of Air Force Unit Commander. Is it in order? Please comment.

Ans.

Yes, Air Force Unit Commander is authorized to issued articles in emergent cases to civil authority. However, covering sanction of Air HQrs. has to be obtained.

(2 Marks)

4 (a)

What do you understand by " issues on prepayment ? Is web equipment issued to all IAF officers on first commissioning in the IAF part of said issues on prepayemnt?

(3 Marks)

Ans.

Certain articles of airmen's pattern clothing, necessities and accoutrements, and materials are authorized to be issued on prepayment of officers and Flight Cadets. A set of web equipment is issued free to all IAF officers on first commissioning.

Authority: AFLAM, P-75 Note below Para-103

(b)

Against discrepancies in consignment of equipment please point out the cases where necessary write-off action is initiated by the consignor unit?

(7 Marks)

Ans.

In the following cases the necessary write-off action will be initiated by the consignor unit:-

- (i) Loss of petrol, benzyl, oil and lubricants occurring between ASC Supply Depots and Air Force Units and landing grounds.
- (ii) Deficiencies reported by foreign governments.
- (iii) Losses of damage to equipment in transit to civilian contractors from Air Force Units.
- (iv) Loss or damage attributable to faulty packing at consignors and or for other reasons admitted by the consignor.

Authority: IAP 1501, P-113, Para-2

5 (a)

What are the functions of 'X' M.U.?

(3 Marks)

Ans.

The functions of an 'X' M.U. includes the receipt, maintenance, supply and accounting of explosives and allied stores required by the Air Force. Functions of 'X' M.U.s. are, therefore, similar to those of EDs except for such variations as are necessitated on account of the inherent fire/explosion risk, secret nature and instability of these stores.

Authority: IAP 1501, P-445, Para-1

(b)

Explain red carding of stores

(3 Marks)

Ans.

Red Carding of stores refer to segregation of explosive and allied stores of Air Force for 100 per cent inspection when those are suspected to be ineffective or dangerous. IAF special Form F. 13 "NOT TO BE USED" is to be prominently displayed on such segregated stores.

Authority: IAP 1501, P-445, Para-6

(c)

On what occasions stores are red carded?

(3 Marks)

Ans.

Stores are also red carded on the following occasions:-

- (a) Whenever issues are banned by Air HQs. following defect reports.
- (b) Whenever stores are salvaged or recovered after accidents or trials.
- (c) Where experimental explosives are not certified by the Directorate of Technical Development concerned as safe for storage under normal conditions.
- (d) Whenever consignments are received in damaged conditions or are suspected to have been tampered with.

Authority: IAP 1501, P-445, Para-6

6 (a)

Name any three of the Compressed Gases generally required by the Air Force

(3 Marks)

Ans.

The following Compressed Gases are generally required by the Air Force:-

- (i) Breathing Oxygen
- (ii) Dissolved Acetylene Gas

(iii) Carbon Dioxide Gas

Authority: IAP 1501, P-401, Para-32

- (b) What is the periodicity of audit of accounts of Air Force units?

(3 Marks)

Ans. The accounts of Air Force units are audited once in a quarter. It is half yearly in the case of certain smaller which are specifically decided to be as such of the purpose.

Authority: AFLAM, P-10-11, Para-16

- (c) In the case of Equipment Depots which processes of audit checks are completed monthly? Is the same process followed for consuming units also?

(4 Marks)

Ans. In the case of Equipment Depots the following processes of audit checks are completed monthly:-

- (a) Scheduling of vouchers (transfer to stores outwards)

- (b) Linking of:-

- (i) Transfer inwards (receipts).
- (ii) Central Purchase Vouchers.
- (iii) Local Purchase Vouchers.
- (iv) Overseas receipts.

In the case of consuming units process at (a) only is carried out monthly.

Authority: AFLAM, P-10-11, Para -16

- 7 (a) What is regularity audit? How it is different from "Higher audit" or "Propriety audit"

(3 Marks)

Ans. The normal audit which ensures that for every expenditure there is a voucher and that the expenditure is according to certain laws and rules and other instructions that have been laid down is called regularity audit. "Higher Audit" or "Propriety Audit" relates either to individual or class of transactions and is concerned with intelligent examination whether lesser expenditure would have served the purpose.

Authority: AFLAM, P -23 , Para-32

- (b) What are 'NIV' items? How it distinguished from an item held for local consumption.

(4 Marks)

Ans. NIV refers to Not -in-vocabulary items, which are not interchangeable with standard Air Force items or not included in the Air Force vocabulary. Appropriate Air Force vocabulary section and also a Command serial number is notified by Air HQrs. The items held for local consumption are distinguished by a local NIV number followed by the letter 'L'.

Authority: AFLAM, P-57, Para-85(ix)

- (c) Whose sanction is required for issues of arms and ammunition outside Air Force except to other Defence Service?

(3 Marks)

Ans. Issues of Arms and ammunition outside Air Force except to other Defence Services will require the sanction of the Government of India.

Authority: AFLAM, P-70, Para-96

- 8 (a) What is "Watch Log Book." Who maintains it?

(3 Marks)

Ans. "Watch Log Book" record particulars of take off/landings of aircrafts including civil, foreign and commercial aircrafts. It is maintained by Duty Air Traffic Control Officer.

Authority: AFLAM, P-154, Para-203

- (b) Under how many main heads the medical equipments and stores are accounted ?

(4 Marks)

Ans. Medical equipments and stores are accounted under two main heads:-

- (i) Expendable- consisting of drugs and dressing etc.
- (ii) Non-expendables - consisting of surgical instruments appliances, etc.

Authority: AFLAM,P-178, Note below Para- 238(b)

(c) Can there be direct transaction between the medical store and the ward or MI rooms?

(3 Marks)

Ans. Direct transactions between stores section and the ward or MI rooms are not allowed.

Authority: AFLAM,P-179, Note below Para -238(d)

SECTION-II (Store Accounts and Internal Audit) (C) NAVY

1 (a) What is the frequency of Local Audit of accounts in case of Outstation Ship/Establishments?

(3 Marks)

Ans. In case of outstation ship/Establishment the local audit of accounts is carried out on a half yearly basis.

Authority: Para-8 of NLAO's Manual, P-3

(b) As NLAO based on which general principles, will you ensure the conduct of the Local Audit of all store accounts?

(7 Marks)

Ans. The general principles on which the conduct of local audit of all store accounts will be ensured, as NLAO, one as follows:

- (i) that the accounting procedure followed by Depots, Ships and Establishments does not differ from that prescribed by rules or other Govt. orders issued from time to time.
- (ii) that all receipts and issues of stores in Depots and transfer of stores between Depots and /or ships /Estab.

2 (a) What is the purpose of maintaining 'Review Register' in NLAO office?

Ans. During review of orders and sanctions the NLAO examines all orders and sanctions issued by GOI, CGDA letters and PCDA(N)'s orders, affecting his work. NLAOs do this to ensure that these orders and sanctions are correctly applied in audit.

For this purpose, he will hold monthly conference with his SOs(A) and Auditors/Clerks. All important and doubtful points arising in course of local audit will be discussed in these conferences. The results of the conferences will be recorded in a "Review Register."

In order to ensure that the instructions issued by the NLAOs have been correctly followed and carried out by their staff, a certain number of first issues etc. covered by the orders will be reviewed by them. The result of the review of such issues will also be recorded in a separate column of the review register.

Authority: Para-4 of NLAOs Manual Page-2

(b) During the audit carried out by NLAO, he observed certain irregularities. Which are those cases that he is required to bring to the personal notice of the PCDA(N) by a special report.

(5 Marks)

Ans.

The NLAO will bring to the personal notice of PCDA(N) by a special report all following cases

- (i) In which the prescribed accounts are non-existent or Missing or have not been produced for audit.
- (ii) In which accounts maintained by a Ship/Establishment or Depots are in an unsatisfactory state and
- (iii) Cases in which the procedure adopted in maintaining the accounts is not in conformity with that authorised in rules and standing orders.

Authority: Para -17 of NLAOs Manual, Pg.-5

3 (a)

What is the purpose of incorporating Risk and Expense purpose clause in the Tender Enquiry ?
When is the Risk and Expense purchase undertaken by the purchaser?

(5 Marks)

Ans.

Risk and expense purchase clause may be included in the RFP and the contract to protect the interest of the state, in case the vendor fails to honour the contractual obligations.

Risk and expense purchase is undertaken in the even of supplies failing to honour the contracted obligations within the stipulated period and where extension of delivery period is not approved.

Before initiating risk purchase at the cost and expense of the supplies the purchaser must satisfy himself that (i) the supplier has failed to deliver and (ii) has been given adequate and proper notice to discharge the obligations.

When risk purchase is resorted to supplier is liable to pay the additional amount spent by the Govt. if any, in procuring said contracted goods/services through a fresh contract

Authority: Para 7.14.1 of DPM 2009, pg. 76

(b)

In case of foreign contracts, where Risk and Expense purchase clause is generally not applicable, list the other alternative remedies available to the purchaser.

(5 Marks)

Ans.

In case of foreign contracts, where Risk and Expense purchase clause is generally not applicable, the alternative remedies available to the purchase are as follow:

- (a) Deduct the quantitative cost of discrepancy from any of the outstanding payment of the supplies.
- (b) Avoid issue of further RFPs to the firm till resolution of the discrepancy.
- (c) Bring up the issue of discrepancy in all meetings with representative supplies.
- (d) Provide for adequate Bank Guarantee to cover such risks.
- (e) Finally, even the Govt. of the supplier's can be approached through Ministry of defence.

Authority: Para 7.14.3. of DPM 2009, Pg.77

4 (a)

What do you understand by the term "Global Tender Enquiry"? Explain.

(3 Marks)

Ans.

Where it is felt that goods/services of the required quality, specifications etc. may not be available in the country and it is necessary its also look for suitable competitive offers from abroad, copies of the tender enquiry may be sent to the Indian embassies abroad as well as foreign embassies in India. The Tender Enquiry floated in such tendering is called Global Tender Enquiring.

Authority: Para 4.2.2. of DPM 2009 Pg.22

(b)

A proposal has been received for according concurrence of IFA for retendering. What are the main circumstances that you will examine under which the proposal can be considered for according concurrence for retendering?

(7 Marks)

Ans.

Retendering may be recommended by the CNC and approved by CFA with the concurrence of IFA, where the original sanction was accorded by the CFA with the concurrence of integrated finance.

The circumstances under which the proposed can be considered for accordingly concurrence for retendering are as follows:

- (a) Officers do not conform to the quantitative requirements and other terms and condition set out in the RFP.
- (b) There are major changes in specification and quantity, which may have considerable impact on the price.
- (c) Price quoted are unreasonably high with reference to assessed reasonable price or there in evidence of a sudden slump in prices after receipt of bids.
- (d) Where there is lack of competitions and there are clean and reasoble grounds to believe that lack of competition owas due to restrictive specifications , which did not permit many vendors to participate.

In such cases specifications showed normally be formulated with due care and after pre-bid conference. Wherever required, CFA should consider, if there is a possibility of reviewing the specifications to facilitate widers and adequate competition.

Authority: Para 4.16.1 of DPM 2009 Pg. No. 38 & 39

- 5 (a) Are the Non-Public Fund accounts of the Ship/Establishment to be inspected by NLAOs alongwith inspection of Public Fund Accounts.

(3 Marks)

Ans. No. Non-public fund accounts of the ships/Establishments are not required to be inspected by LAOs except under definite instructions from the PCDA(Navy)

Authority: Para -217 of NLAOs Manual Pg. 98

- (b) When NLAOs carry out inspection of Public Fund Accounts of Ship and Establishments, what are the main objectives?

(7 Marks)

Ans. When NLAOs carry out inspection of Public Fund Accounts the main objectives of the same are as follows:

- (i) To ensure that all prescribed accounts and documents are maintained.
- (ii) To ascertain that all accounts are being maintained in strict accordance with existing regulations and orders.
- (iii) To see that all transactions between individuals and the funds and other accounts are easily traced and correctly tallied.
- (iv) To ensure that all moneys relating to public funds have been duly accounted for and expended only for the purpose for which they are intended.

Authority: Para-218 of NLAOs Manual Pg. 98

- 6 Write short answers:

- (i) Ex-Post Facto financial concurrence

Ans. There is no provision under the delegated powers to obtain expost facto concurrence of integrated finance. Scuh cases where prior concurrence is not obtained though required as per the delegation of financial powers would be treated as cases of breach of rules and regulations and referred to the next higher CFA for regularization. Such regularization will be subject to concurrence of IFA to the next higher CFA.

Authority: Para 5.2.7 of DPM 2009,Pg.48

- (ii) Determination of Lowest acceptable offer

Ans.

After the preparation of Comparative Statement, Checking of calculations the premises on which comparative statement of tenders has been prepared prima facie determination of L1 offer is done. However, it would be cost of Negotiation Committee only which would determining the lowest acceptable offer is L1 vendor.

Authority: 13.3.5 of DPM 2009 Pg.127

(iii) Action that CFA can take in case of disagreement with IFA

Ans.

In case of disagreement with the IFA, the CFA can overrule the IFA under intimation to the next higher CFA as well as IFA giving reasons for overruling the financial advise. In such cases, it would be open to the IFA to take up the matter with higher IFA and CFA or drop it.

Authority: Para 5.2.9 of DPM 2009 Pg. 49

(iv) Determination of CFA to approve a Rate Contract.

Ans.

For conclusion of Rate Contract the value of anticipated drawal over a period of one year should be taken into account for determining the level of CFA.

Authority: Para 8.4.1 of DPM 2009, Pg.80

(v) Action to be taken in case L-1 withdraw his offer.

Ans.

In case the lowest tenderer withdrawals his offer, retendering should be resorted to as per the instructions issued by the Control Vigilance Commission.

However, while retendering RFP/DTE may not be issued to the vendor who backed out and EMD, if any, of such a firm should be foreited.

Authority: 4.16.2 of DPM 2009, Pg. 39

7

Please briefly explain the following

(i) On Board Spare Parts

Ans.

These are spare parts estimated as required to operate and maintain a ship during the first year of commission. They are positioned on board by the shipyard. These are to be replenished thereafter from spare parts stocked in depots.

Authority: Para 1.22 of Material Planning Manual Pg. 14

(ii) Minimum Stock Level

Ans.

MSL is the level below which the stock of an item should not be allowed to fall. MSL, expressed as a quantity, is determined by the following

* Annual Consumption Level.

* Category Co-efficient for MSL

* Shelf life in months.

Authority: Para 5.18 of Material Planning Manual, Pg. 42

(iii) Operational Stock Level

Ans.

Operational Demands are those demands which are to be raised only to meet operational requirement. It must quote the operational Demand reference if the requirement is in connection with an operational defect. Operational Demand Should be made by Signall.

Authority 12.3 of Material Planning Manual, Pg. 87

(iv) ABER Provisioning

Ans.

It stands for Anticipated Beyond Economic Repair Provisioning. It is intended to Provide needed time to procure an equipment.

Authority: Para 6.66 of Material Planning Manual Pg. 62

(v) Permanent Stores

Ans.

Permanent stores are those naval stores

* Which are not consumed or appreciably altered in use

* Which none considerable functional importance.

* Whose unit cost is substantial.

* Which have appreciable BER or Scrap value.

Authority: 1.13 of Material Planning Manual, Pg. 13

(2x5 = 10 Marks)

- 8 (a) Explain the procedure for issue of Naval Stores on Temporary Loan. What action is required to be taken in case of those stores which have been on temporary loan for more than one week.

(5 Marks)

Ans.

The supply officer may issue on temporary loan the Naval stores-both permanent and consumables. Such as tools instruments etc. which are only required occasionally and for short periods.

Store issued on temporary loan shall be recorded in Temporary Loan Book in 353/S1092.

Stores/Articles insured on temporary loan shall be returned to the supply officer at the end of working day or on completion of the work for which they were borrowed, whichever is earlier.

The person to whom the stores were loaned shall be responsible for their return in good condition.

Instances of non-observance of the rule by sailors shall be brought to the notice of the Heads of departments concerned by the supply officers. For this purpose the Supply officer shall furnish to the Head of Department a weekly return showing details of Naval stores which have been on temporary loan for more than one week.

The Head of Department shall then

(a) either arrange for their return.

(b) request the supply officer to extend the period of loan.

(c) in case of permanent stores being required for period exceeding one month request for their transfer to Permanent Loan Register.

In the event of loss of any articles, the matter shall be investigated by the Head of Department to which the articles were lent as per the laid down procedure.

Authority: 120 of Naval Storekeeping Manual, Pg. No. 56

- (b) What is the purpose of Naval Storekeeping? Describe the Naval Storekeeping system in Self-accounting ship and establishments.

(5 Marks)

Ans.

Naval Storekeeping is a system of Naval Storekeeping which is designated to enable each ship and establishment

(i) to obtain the Naval Stores necessary for her upkeep and operations and

(ii) to maintain a proper standard of Smartness and efficiency.

Naval Storekeeping system in Self accounting Ships/establishments-

In self accounting ship/establishments, the supply officer of the Ship/establishment is responsible for following

(i) Procurement of all sea stores required on board.

(ii) Receipt, custody and issue of sea stores

(iii) accounting of all Sea Stores on board in accordance with current regulations.

The Head of departments obtain their requirements of Sea Stores from the Supply Officers, in so far as practical, when actually required and in the smallest quantities compatible with efficient performance of their duties.

SECTION-II (Store Accounts and Internal Audit) (D) FACTORY

- 1 (a) What is the difference between overtime under departmental rules and overtime under Factories Act?

(3 Marks)

Ans. The normal working of Ordnance Factories has been fixed at 44¾ hours per week i.e. 8 hours per week and 4¾ hour on Saturdays. If a worker works up to 9 hours on any working day or 48 hours in a week, overtime would be paid at the rates prescribed in the Departmental Rules. For the work done in excess of 9 hours on any day Or 48 hours in a week, overtime would be paid at the rates prescribed in the Factories Act. The overtime paid for work beyond 9 hours a day or 48 hours in a week is at higher rates and is called OT Bonus.

(b) Please calculate the amount of overtime pay and overtime bonus to a highly skilled grade-I piece worker 'A' from the following data:

Basic Pay	Rs. 10,120/-
Grade Pay	Rs. 2,800/-
Dearness Pay @ 80%	Rs. 10,336/-
Minimum of pay (V CPC)	Rs. 4,500/-
Total OT hours in a month	47
OT hours under Fy. Act	24

(4 Marks)

Ans. Overtime of a piece worker-

OT Pay = [(Min of Pay x Dept. OT Hours)/200] + [(Basic pay + Grade Pay) x OT Hrs under Fy. Act./200]

$$= [(4500 \times 23) + (10120 + 2800) \times 24]/200$$
$$= \text{Rs. } 2068/-$$

$$\text{OT Bonus} = \left[\frac{\{ \text{Basic Pay} + \text{Grade Pay} \} \times 1.25}{200} + 2 \text{ DA} \right] \times \text{Factory Act Hrs.}$$
$$= \left[\frac{\{ 10120 + 2800 \} \times 1.25}{200} + 2 \times 10336 \right] \times 24/200$$
$$= [16150 + 20672] \times 24/200$$
$$= \text{Rs. } 4419/-$$

(c) What are Agreement Form of Labour and Disbursement Certificate? Which authorities prepare these documents? What is the role of the Accounts Office in respect of the AFL and DC and what is its significance?

(3 Marks)

Ans. The Agreement form of Labour is a document which is prepared in duplicate by the Accounts Office in form IAF 13. It contains the total amount of wages of IEs of les passed for payment, section wise. This is forwarded to the General Manager who will return one copy duly showing the amount actually paid, undisbursed wages, and deductions etc.

Authority: Para -214 of OM Part-VI

This disbursement certificate is prepared by the Factory showing details of the payments made to the industrial employees out of the advances received from the Account Office.

Authority: Para -216 of OM Part-VI

These two documents help the Account Office as well the Factory Management to accurately reconcile the payments made to the Industrial employees, along with all the necessary details like deductions, recoveries and undisbursed wages. The disbursement certificate is supposed to be received in the Accounts Office by 10th of the second month following the month to which the payment pertains to. The Account Office has to prepare the punching media for adjusting the treasury receipts and the recoveries like license fee, fund etc. as recorded in the disbursement certificate. The amounts of deductions would be checked by the Account Office with reference to relevant schedules. It is ensured that the total amount of net payments as well as the deductions as shown in the disbursement certificate tallies with the payments and deductions shown in the Agreement form of Labour. Further, it is also ensured that the amount of undisbursed wages corresponds to the details shown in the Absentee Payments Register. This exercise enables the Accounts Office to confirm that the wages disbursed by the factory are in accordance with payments authorized by Accounts Office.

Authority: Para-217-218 of OM Part-VI

- 2 (a) What is the difference between materials held on "Store Charge" and materials held on "Production Charge"?

(2 Marks)

Ans. The materials held on the Store charge are the raw materials procured for production, manufactured products and components produced in other factories, tools etc. These items are accounted for in the Bin cards maintained by the store holders and Priced Stores ledger maintained by the Accounts Office.

The materials in production charge are those materials that are manufactured for stock and are retained on Production charge on the Priced Production Ledger. These components are manufactured on 41 series work orders and are drawn through red coloured demand notes called Red Demand Notes to differentiate them from the normal Demand Notes.

Authority: Para-333 and 494 of OM Part-VI

- (b) A factory consumes the stockpile item X due to failure of normal supplies and after the resumption of supplies, takes the material X to store and does not replenish stockpile. Please comment on this action of factory.

(2 Marks)

Ans. The action of Factory is not correct. The stock pile of items which are of strategic nature are required to be build up separately from working stock in order to meet the demands for future production in case of failure of normal supplies. No stock pile item should be used by the factories without prior approval of DGOF. As and when reserve material are required to be used in production, they are to be first transferred to stock and then issued on demand notes.

(Authority: Para 421 of OM Part-VI)

- (c) What is Average Ledger Rate ? What are the repercussions of incorrect ALR?

(2 Marks)

Ans. The Average Ledger Rate is worked out after each receipt of material by dividing the sum of opening value and value of receipt by sum of quantity of receipt and opening quantity. This Average Ledger Rate is used to price the issues of material and return thereof from the stores. Average Ledger Rate is worked out with each new receipt.

The incorrect working of ALR has serious repercussions on the material pricing. Wrong pricing of material documents result in wrong compilation of the cost of articles manufactured in the Factory. In the event of incorrect pricing being detected subsequently, the same involves a chain of adjustments to set right the discrepancies.

(Authority: Para 421 of OM Part-VI)

- (d) What are unorthodox balances and how do they arise? What action is required to be taken in such cases?

(2 Marks)

Ans. The balances in the ledger which represent unusual combinations of quantity and value, such as plus quantity and minus value, minus quantity and plus value, nil quantity with plus or minus value, minus quantity and plus value, nil quantity with plus or minus value are called unorthodox balances. Such balances in the ledger may arise due to stores documents not being priced and posted chronologically in the ledgers, receipt documents not posted before issue documents, and monthly average ledger rates not worked out correctly etc. All such balances are required to be promptly recorded in a register of unorthodox balances and their causes investigated and adjustments carried out promptly by the Accounts office in close coordination with the Stores Section of the factory.

(Authority: Para-425 of OM Part -VI)

- (e) An Ordnance Factory carries out upward revision of estimates without informing Accounts Office. Accounts Office does not object. Comment.

(2 Marks)

Ans. All upward revision of Estimates should be concurred by the Accounts Office as such revision has financial implication for future. Therefore, the action of the factory is not correct. It is the duty of Accounts Office to price and audit the standard estimate of any change.

(Authority: Para 601 of OM Part-VI)

- 3 Please make your recommendations to deal with the following situations:

- (a) During Test Audit in an Ordnance Factory, a case is pointed out where a machine costing Rs. 5 Crore has been procured but lying uninstalled for last two years. Comment on the failure of the Accounts Office in this regard.

(2.5 Marks)

Ans. As per the extant procedure, the Accounts Office has to carry out a review of Plant & Machinery held in the Suspense Section of the Block Registers once every quarter. All cases of uninstalled Plant & Machinery would come to the notice of the Accounts Office during such review. These cases are to be taken up with the Management with a view to ascertain the reasons for non-installation and to request the Factory for expeditious installation. It appears that in the instant case, the Accounts Office has not maintained the Block Registers properly and has not kept details of the Plant & Machinery which has been paid for but not installed.

(Authority: Para-781 of OM Part-VI)

- (b) A spot payment for Rs. 90 lakhs has been made to a supplier. However, the factory does not forward the receipt voucher to Accounts Office for three months. What action is to be taken by Accounts Office? In which Account this amount would be reflected?

(2.5 Marks)

Ans.

The spot payments are like advance payments which are paid against bills preferred by the General Manager on behalf of the contractor duly supported by the Supply Order and Proforma invoice submitted by the contractor duly supported by the Supply Order and Proforma Invoice submitted by the contractor. Factory authorities are expected to forward covering bill from the contractor duly receipted for the amount of cheque and indicating particulars like description of stores, quantity of stores delivered, rate and total cost. Accounts Office has to ensure that the receipt vouchers and receipted bills are received within a reasonable time. In case of delay, the matter should be brought to the notice of Management at appropriate level. The spot payments for which regularization bills along with the receipt vouchers have not been received will be reflected in the Outstanding Asset Account.

(Authority: Para-389(e) of OM Part-VI)

- (c) A store item with ledger value Rs. 10,000/- is declared as serviceable and repairable. The cost of repair is Rs. 1,000/-. How the expenditure of Rs. 1,000/- will be dealt with and accounted for?

(2.5 Marks)

Ans.

The store item would be drawn on demand note at the ledger value of Rs. 10000 against the indirect series work order no 02/00022/00 and after repair, would be returned to stores on the same ledger value of Rs. 10000. The repair cost of Rs. 1000 would be charged to production against the same work order 02/00022/00. Finally, a loss statement of Rs. 1000 would be prepared and would be regularized under the power of the relevant CFA and would be included in the appropriation account.

(Authority: Para-483 of OM Part-VI)

- (d) A General Manager floats a proposal for purchase of a spare part of a machine (Book value Rs. 90 lakh, residual life 5 years) with the spare part costing Rs. 20 Lakhs from local Purchase head 806/01 and Accounts Office concurs the proposal without any further advice/action.

Ans.

Procurement of spare part costing Rs. 20 lakhs for machine, the book value of which is Rs. 90 lakhs is surely an expenditure of capital nature. Therefore, such spare part should be capitalized after purchase by adding to the book value of machine and in case the life of machine is extended further the same should be accounted and reflected in the Block Register. While concurring the proposal for procurement of such spares from the local purchase budget, the Accounts Office should insist on the capitalization of spares.

4 (a)

What is Review Chapter on Annual Accounts? Who prepares it? What are the significant information contained in it?

(4 Marks)

Ans.

Review Chapter on Annual Accounts - The review chapter on Annual Accounts is prepared by the Annual Accounts Section of the Office of PCA(Fys.). This chapter contains the detailed information about entire field of working of the Ordnance and Ordnance Equipment Factories. The Review Chapter contains exhaustive data in tables and graphs incorporating Bar Chart, Pie Chart and ratios for quick appraisal of the performance of the Factories. This also serves as a tool for Management for effecting economy on the controllable area of expenditure. The Review Chapter contains information on establishment matters like ratio of direct to indirect labour, trend of overtime in different factories, budget estimates and actual expenditure for the year in different factories, element wise break up of cost of production and issues made to indentors, work in progress details, various indices on inventory holding, value of civil trade and miscellaneous matters like losses written off, avoidable rejections, preliminary expenses, development expenditure etc.

(Authority: Para- 1023 of OM Part-VI)

- (b) What is the role of Shop Budget Committee and Central Budget Committee? Who are the members of these committees?

(3 Marks)

Ans. Each section has a Shop Budget Committee for preparing an estimate of direct labour charges for the next year and preparation of variable overhead charges based on the production programme, past actuals and capacity etc. The Committee is chaired by Manager i/c of production section and has an accounts and planning representative. The estimates prepared by the Shop Budget Committees are centrally scrutinized and finalized for the entire factory by the Central Budget Committee which is chaired by the General Manager and has AO/ACFA as its member.

(Authority: Para- 549 of OM Part-VI)

- (c) Which are the cost elements which are kept out of production and why? A Dy. GM of an Ordnance Factory is sent on a long term course sponsored by DoPT. Will the expenditure incurred on his training be charged to production? Would his salary be charged to production?

(3 Marks)

Ans. Certain items of expenses like abnormal profit or loss on sale of stores, arrear depreciation, care and custody of stores surplus to requirements which do not relate to normal production activities are not treated as leviable overheads and are to be kept out of production. This is due to the fact that these elements can not be directly associated to the cost of production and their inclusion in the cost would inflate the cost of production. While the training expenses of the Dy. GM are to be kept out of production, his salary would be charged to production.

(Authority: Para 111, 578 of OM Part-VI)

- 5 (a) What do you understand by Performance Security Deposit (PSD)? What is its amount? What are the conditions for the waiver of PSD?

(3 Marks)

Ans. The Performance Security Deposit is meant to compensate the purchaser for any loss suffered due to failure of the supplier to fulfill his obligations as per the conditions of the contract. PSD is payable to the purchaser by the supplier in the form of a Performance Bank Guarantee issued by a public sector bank or a private bank authorized to conduct the Government transactions. The PSD should not be waived except in most unavoidable circumstances. However, PSD waiver in respect of PSUs may be considered by the CFA after recording the reasons in writing. For waiver of PSD in respect of firms other than PSUs, CFA may consider the same on the recommendations of the relevant TPC and in such cases prior approval of the next higher CFA will be obtained.

(Authority: Para 7.7.2 of OFB Procurement Manual 2010)

- (b) What is Liquidated Damages (LD)? What are the conditions for its imposition? What is the quantum of LD in a normal contract?

(3 Marks)

Ans. Liquidated Damages represent a compensation for loss suffered by the purchaser due to late delivery of goods by supplier, where loss is pre-estimated and mutually agreed as per the conditions of the contract.

For imposition of LD there is no need to establish actual loss due to late supply and the claim cannot exceed the sum stipulated in the contract.

LD is normally recovered from the contractor @ 0.5% of the prices of the store/service which the contractor has failed to deliver within the period agreed for delivery in the contract, for each week or part thereof. However, the total damages shall not exceed value of 10% of the delayed stores/services beyond the original delivery period and the total amount of LD cannot exceed the amount stipulated in the contract.

(Authority: Para 7.10.1 & 7.10.2 of OF Procurement Manual 2010)

- (c) Are the following actions of a Factory correct? Mention your response as 'Yes' or 'No'
- (i) Option is exercised after completion of Delivery Period without vendor's consent.
 - (ii) Repeat order has been placed before completion of original order.
 - (iii) Option Clause is exercised even before original supply is completed
 - (iv) Repeat order is placed for a Supply Order originally placed to cover the urgent requirement.

(2 Marks)

- Ans.**
- (i) No
 - (ii) No
 - (iii) Yes
 - (iv) No

(Authority: Para 7.14.2 & 7.14.4 of OFB Procurement Manual 2010)

- (d) A resultant single tender case has occurred in a TPC Level-IV which is chaired by a Works Manager. TPC -IV refers the case to next higher CFA which is Joint GM. Joint GM approves the procurement. Is it in order?

(2 Marks)

Ans. The CFA for acceptance of RST cases is Addl. General Manager for the value upto Rs. 50 lakh. This power has not been further delegated to the lower authorities. Hence, approval by the Joint GM in this case is not in order.

Authority: Para 4.16.1 of OFB Procurement Manual 2010 & Sr. No. 1c of the Delegation of Financial Powers Compilation of OFB)

- 6 (a) What is the constitution of Technical Evaluation Committee (TEC) and what is the role of Member Finance in it?

(2 Marks)

Ans. The Technical Evaluation Committee is chaired by the Competent Financial Authority and has the representative of the user, designated Inspection Authority, Procurement Section and Finance as its members. The Finance Representative is not associated with the TEC for technical aspects and his role is limited to examination of commercial parameters such as EMD, SD, payment terms and warranty/guarantee clauses in the technical bid.

(Authority: 4.14.3 of OFB Procurement Manual 2010)

- (b) In which situations amendment to the tender conditions can be permitted?

(2 Marks)

Ans.

The requirement for amendment to the tender may arise due to change in the required quantity or specifications of the material proposed for procurement. In certain cases, after receiving the documents a tenderer may point out certain mistakes which may necessitate amendment in the tender documents and in such situations, it becomes necessary to modify the tender documents suitably prior to the date of submission of bids. In such cases the copies of amendment should be sent to all the selected suppliers by registered speed post, email etc. In case of Open Tender Enquiry such amendments should be dispatched free of cost to all the parties who may have already purchased the tender documents.

(Authority: Para 4.12.1 of OFB Procurement Manual 2010)

- (c) What is cartel formation? What are the guidelines to prevent it?

(2 Marks)

Ans.

Sometimes a group of suppliers join hands and form a cartel to manipulate the tendering process by quoting abnormally high or low rates to discourage fair competition. Such an activity is against the basic principle of competitive bidding.

The guidelines have been issued to discourage such practices. The offerer may be rejected in such cases and firms can be issued show cause notice and depending upon the merit of the case, the firms may even be blacklisted, either permanently or for a specified period.

(Authority: Para 4.19.1 of OFB Procurement Manual 2010)

- (d) What is the purpose of Earnest Money Deposit (EMD)? Who are exempted from it?

(2 Marks)

Ans.

As a measure to safeguard against a firm withdrawing or altering its bid during the bid validity period, the Earnest Money Deposit (EMD) is required to be obtained from the bidders. The EMD may be around 3% of the estimated value of transaction subject to maximum of Rs. 50 lakh. The exemption from submission of EMD is allowed to the firms registered with Ordnance Factories, the Central Purchase Organisation, National Small Industries Corporation or concerned departments or Ministries of the Government of India.

(Authority: Para 4.9.2 of OFB Procurement Manual 2010)

- (e) Is it correct to specify brand name in tender documents? What are the extant guidelines in Ordnance Factories in this regard?

(2 Marks)

Ans.

No, it is not correct to specify brand name in the tender documents. The standards and specifications quoted in bidding documents should be in generic terms and should be framed in such a way as to promote the broadest possible competition without indicating preference for a particular brand or manufacturer.

(Authority: Para 4.10.2 of OFB Procurement Manual 2010)

- 7 (a) A machinery was purchased for Rs. 20,00,000/- on 01.07.2012 and commissioned in Production Section on 01.10.2012. Erection charges for the machine was Rs. 1,00,000/-. Calculate the amount of depreciation to be charged for the machinery for the year 2012-13.

(4 Marks)

Ans.

$$\text{Yearly Depreciation} = \frac{(\text{Cost of machinery} + \text{Erection charges}) - \text{Estimated scrap value}}{\text{Life of Machinery}}$$

$$\text{Estimated Scrap value} = \frac{(\text{Cost of machinery} + \text{Erection charges})}{\text{Life of Machinery}}$$

$$= (20,00,000 + 1,00,000) / 20 = \text{Rs. } 1,05,000/-$$

$$\text{Yearly Depreciation} = [20,00,000 + 1,00,000] - 1,05,000 / 20 = \text{Rs. } 99,750$$

Depreciation for a machinery is to be charged from the date of its commissioning:

Therefore depreciation for the machinery for the year 2012-13 will be calculated 6 months (from 1/10/2012 to 31/3/2013.)

The amount of depreciation to be charged for the machinery for the year 2012-13 will be $(99,750/12) \times 6 = \text{Rs. } 49,875/-$

(b) Write short notes on:

(i) **Transfer Vouchers**

Ans.

When the material ordered against one order are unavoidably used against the other order, these are transferred by means of a document called transfer voucher. In the process, the workorder on which the material is used is debited and the workorder on which it was drawn originally is credited. Transfer vouchers are also used for transfer of labour. These vouchers are required to be checked thoroughly as to the necessary and justification of the transfer.

(Authority: Para 626 OM VI)

(ii) **Process Cost Statement**

Ans.

The cost compilation in the Ordnance factories following the process costing is carried out through Process Cost Statements. The cost of the production of the processes of manufacture is arrived at with the help of three statements viz. Statement-I which relates to raw materials, Statement-II which relates to allocated overheads and Statement-III which relates to Cost of Production. The process costs are worked out once in the quarter.

(Authority: Para 681-690 of OM Part-VI)

(iii) **Semi Statements**

Ans.

Semi Statements contain the details of the work in progress in ordnance factory such as unused materials and part finished works showing the stage of manufacture and details of extracts, work orders and warrant numbers of which they have been charged. These statements are to be verified with reference to the manufacture and material warrants, cost cards and production cards

(Authority: Para 713 OM VI)

8 (a)

	<u>Labour</u>	<u>Material</u>	<u>Direct Exp.</u>	<u>VOH</u>	<u>FOH</u>	<u>Total</u>
Opening W.I.P.	25,225	10,820	-	18,700	32,400	87,145
Closing W.I.P.	7,500	22,300	-	4,900	8,100	42,800
Opening Finished Semi	-	-	-	-	-	50,000
Closing Finished Semi	-	-	-	-	-	-

Expenditure during the year	2,58,255	19,92,247	5,140	84,833	3,27,236	26,78,211
Abnormal Rejection to be kept out of production	10,000	75,000	-	7200	13,100	1,05,300
Value of Issues	-	-	-	-	-	-

2x2 = 4 Marks)

Ans.

	Labour	Material	Direct Exp.	VOH	FOH	Total
Opening W.I.P.	25,225	10,820	---	18,700	32,400	87,145
Plus Expenditure during the year	2,58,255	19,92,747	5,140	84,833	3,37,236	26,78,211
Less Closing W.I.P.	7,500	22,300	---	4,900	8,100	42,800
= Cost of Production	2,75,980	19,81,267	5,140	98,633	3,61,536	27,22,556
Less:						
Abnormal Rejection to be kept out of production	10,000	75,000	---	7,200	13,100	1,05,300
= Net Cost of Production	2,65,980	19,06,267	5,140	91,433	3,48,436	26,17,256
Plus Opening Finished Semi						50,000
Less Closing Finished Semi						75,000
=	Cost		of			Issues
25,92,256						
Value			of			Issues
30,00,000						
Profit						

(b) What do you understand by?

- Supplementary Work Order Draft
- Departmentalisation of Overheads

2x2 = 4 Marks)

Ans.

- SWOD - Supplementary Work Order Drafts or SWOD are the authority for undertaking work related to petty or adhoc nature for which no standard estimates are prepared. These are required to be checked by the Accounts office carefully for detecting any unusual expenditure which may significantly affect the cost of production.

(Authority: Para 679 OM Part-VI)

- Departmentalisation of Overheads - Departmentalization of overheads means identification of costs against each section or the shop. For this purpose the last two digits of the work order number which denote the section are made use of. At the beginning of the year, the shop budget committee headed by the Manager of the shop, the rep of Planning and Accounts office determine the anticipated overhead charges that would be incurred in the shop and would also estimate the direct labour of the shop considering the programme of the year. Based on these data, the VOH and FOH to be levied in the shop is decided by the Central Budget Committee.

(Authority: Para 535 OM VI)

SEPTEMBER, 2013
PAPER-VI - THEORY (WITHOUT BOOKS)
SUBJECT: WORKS, STORES AND INTERNAL AUDIT

Time Allowed: 3 Hours

Max.Marks:100

Notes:

- 1 Only TEN questions should be attempted - FIVE from Section-I and FIVE from Section-II. Each question carries 10 marks.
- 2 **Section -I is common to ALL. Each question will carry 10 marks.**
- 3 Candidates permitted to answer questions relating to ARMY or AIR FORCE or NAVY or FACTORY portion of Section-II should answer any FIVE questions from Sub-Section A- ARMY or B- AIR FORCE or C- NAVY or D-FACTORY. Answer to the questions to Section-II should be written in a separate Answer Book.

PART-'A'

SECTION-1 (Common to all Candidates)

- 1 (a) What are Acceptance of Necessity and Administrative Approvals? (3 Marks)

Ans. Acceptance of necessity is approval in principle of the CFA to the proposed work or service; Administrative approval is sanction by CFA to the execution of a work at a stated cost.

(Authority: Para - 127 MESR)

- (b) On the basis of AON accorded, the MES authorities have prepared an AE for Rs. 10 Lakhs. Subsequently, the user has projected some additional requirements which enrich the specifications. Will it be covered under the permissible tolerance limit?

(3 Marks)

Ans. The permissible Tolerance limit of 10% is not intended to cover any additional requirement of the users or to enrich the specification.

Authority: Para- 129 MESR and Para 29(e) of DWP 2007

- 2 (a) What are Deposit works? (3 Marks)

Ans. Deposit works are those which are executed from funds received from Non-Government sources.

Authority: Para-305 MESR)

- (b) MES is executing a deposit work at a site for which funds have been paid by the concerned party. Meanwhile, a dispute has arisen for which some legal charges are to be incurred. How is MES supposed to handle the case?

(3 Marks)

Ans. Such charges will be recoverable in addition to cost of works from the party concerned.

(Authority: Para- 305 MESR)

- 3 (a) What is meant by Re-appropriation of buildings? (3 Marks)

Ans. Reappropriation of buildings means its use for any purpose other than that for which it was constructed.

Authority: (Para 155 MESR)

- (b) There is a MES Inspection Bungalow at a location and a proposal has been initiated to Re-appropriate it. Whose sanction would be required?

(7 Marks)

Ans. Reappropriation of MES IB would require sanction of Government of India provided the E-in-C furnishes a certificate that the IB is no longer required, as such.

(Authority: Para 155(d) MESR)

4 (a) Write a short note on Construction Accounts?

Ans. The construction accounts are maintained by the SDOs concerned for each work or service. For the purpose of exercising control, it reflects the amount of sanction/allotment and also the expenditure as and when incurred with sufficient details as to the nature of expenditure with reference to vouchers. Liabilities and expected credits are also reflected till adjusted.

(Authority: Para- 103 UA Manual)

(b) A contractor has failed to return the surplus stores and has retained them for his own use. What course of action is available with MES authorities?

(7 Marks)

Ans. The MES authorities can prosecute such contractors for embezzlement. Further, the Chief Engineer may either suspend the contractor from further tendering or remove him from the approved list.

Authority: Para -121 Note (2) UA Manual)

5 (a) Write a short note on Deviation?

(3 Marks)

Ans. Deviations are changes owing to material improvement which may become necessary during the performance of works under a contract. Deviation can be authorised only by the officer who accepted the contract unless such powers have been delegated. No deviation will be ordered on any contract if it entails an increase on the sanctioned expenditure or is beyond the Deviation limit specified in the contract.

(Authority: Para 435-437 MESR)

(b) A GE has accepted a contract in which some amendments were made. Though the amended contract was within the power of GE, the amendment took place after the contractor had signed the final bill. Who is competent to approve it?

(7 Marks)

Ans. CWE will be competent to amend such contracts if the amendment is after the contractor has signed the final bill.

(Authority: Para 440 (b) MESR)

6 (a) What are the points to be seen before refund of Security Deposit?

(3 Marks)

Ans. The points to be seen before refund of security deposit are:

- (a) Defects liability period has expired.
- (b) Final bill has been paid to the contractor.
- (c) The contractor has rendered a No Demand certificate.

(Authority: Condition 68 of IAFW 2249)

(b) A Contractor has failed to deposit the full amount of security deposit within 30 days for acceptance of tender. What course of action is available?

(7 Marks)

Ans. Such work will be categorised as Original works.

Authority: Para 24(xxx) OM VIII and Para 123(f) MESR)

7 (a) What are the main objectives of Engineering section in the Regional CDA office?

(3 Marks)

Ans. The main objectives of Engineering section in the Regional CDAs office are:
(i) To advise administrative /Executive authorities on the Financial/management aspect of work and contracts.

(ii) To advise on revenue aspects relating to license fee and allied charges.

(iii) To pay promptly and correctly for works executed by the contractors.

(Authority: Para 1 of OM VIII)

(b) A building has been damaged by an Earthquake. A works proposal to repair the same has been made. Under what category such work will be categorized?

(3 Marks)

Ans. Such work will be categorised as Original works.

Authority: Para 24(xxx) OM VIII and Para 123(f) MESR)

8 (a) What are freak rates?

Ans. Freak rates are rates which in the opinion of the Accepting officer are either abnormally high or abnormally low, which is determined when the rates exceed or fall below the estimated reasonable rates by more than 50%

(Authority: Para 424 of MESR and Para 7(g) of MES Precis 1726)

(b) If after opening of tender any freak rate is discovered, what course of course action is available with the MES authority?

(3 Marks)

Ans. The MES authorities will communicate such freak rates to the tenderer, who will be afforded an opportunity to revise them.

(Authority: Para 424 of MESR)

**SECTION-II (Store Accounts and Internal (A) ARMY)
(FOR CANDIDATES OTHER THAN AIR FORCE, NAVY AND FACTORIES)**

1 (a) What is meant by 'Pricing Party' ?

(3 Marks)

Ans. Pricing party refers to LAO staff of the PCDA/CDA office to whom vouchers, Loss statements etc are sent by the units formations located in a particular audit area for pricing.

(Authority: 222© SAI)

(b) Loss Statements in following cases will be priced by whom:

(7 Marks)

(i) Rates not available with depot

Ans. Pricing will be done by the PCDA/CDA or his representative.

(ii) Ordnance stores chargeable to state in respect of ordnance depots;

Ans. Executive authority

(iii) Clothing stores pertaining to AFMSD;

Ans. PCDA/CDA/LAOs

(iv) Losses where penal recovery from individuals are involved.

Ans. PCDA/CDA/LAOs

(Authority: Para -224 (a) and (b) of SAI)

2 (a) What is meant by Salvage and Scrap?

(3 Marks)

Ans. The term salvage and scrap connotes repairable stores beyond economical repairs; unserviceable (beyond economical repair) waste stores, which have been utilised and have served their purpose and have been condemned under proper authority, to be of no value except as scrap.

(Authority: Note of Para 264 SAI)

- (b) At a Military station, huge salvage and scrap are lying at a particular location. Who is responsible for its disposal?

(7 Marks)

Ans. The responsibility for disposal salvage and scraps at a Military station rests solely with the Defence service authority.

(Para-264 SAI)

- 3 (a) What is stock taking ?

(3 Marks)

Ans. Stock taking is a process of physical verification of stores and of reconciling the differences between the actual holding and the ledgers/Account card balances in order to make the latter a correct index of the stocks held.

(Authority: Para-268 SAI)

- (b) While conducting stock taking between ground and ledger balances, some surplus, as well as, deficiencies were noticed for different items. How will the same will be adjusted? Does LAO have any role in this regard?

(7 Marks)

Ans. Surpluses will be brought on charge on certificate receipt vouchers and the deficiency written off on loss statement duly sanctioned by the CFA. These adjusting entries will be posted in the relevant ledger folio or Account card just above the red line. LAOs during their periodical visits will verify that the stock verification has been carried at intervals by the executive authority as laid down in the rules and that the results of the stock verification have been recorded properly.

- 4 (a) Under what circumstances should a LAO bring the matter to the personal notice of PCDA/CDA?

(3 Marks)

Ans. The LAO will bring to the personal notice of PCDA/CDA cases in which :-

- (i) The prescribed accounts are non-existent or missing or have not been produced;
- (ii) The accounts maintained by a unit are in an unsatisfactory state; and
- (iii) the procedure adopted in maintaining the accounts is not in conformity with that authorised rules or standing orders.

(Authority: Para 18 ALAM Part-I)

- (b) If a LAO experiences difficulty in obtaining full and free access to any essential account or record, what course of action is available to him?

(7 Marks)

Ans. These become cases of " put upon enquiry and in such cases the LAO should extend the scope of audit using his discretion and judgement as to how this should be done and to what extent. In all such cases, the LAO should report the facts specifically to the PCDA/CDA and record his reasons for enhancing the extent of audit.

(Para-34 ALAM Part-I)

- 5 (a) How many copies of issue vouchers are prepared when stores are transferred from one depot to another? Will there be any change in case of stores transferred from one consuming unit to another?

(3 Marks)

Ans. When stores are transferred from one Depot to another, the issue vouchers are prepared in Five copies. In case of consuming units. Four copies of issue vouchers are prepared.

(Authority: Para -40 and 59 of ALAM Part-I)

- (b) A huge quantity of stores have been lost in transit. However, the carrying company have made good the loss. Is loss statement still required?

(7 Marks)

Ans. No loss statement is necessary for transit losses recoverable from the carrying company which have been made good by the company concerned.

(Authority: 134(b) of ALAM Part-I)

6 (a) What factors should be taken into account by a LAO, while selecting a particular month for detailed check of accounts?

(3 Marks)

Ans. The main objects of inspection of the public fund accounts by LAO are:

- (i) To ensure that all prescribed accounts and documents are maintained;
- (ii) To ascertain that the accounts etc are maintained strictly in accordance with the regulations and orders;
- (iii) To see that all transactions can be easily traced and correctly tallied.
- (iv) To ensure that all Moneys have been duly accounted for and expended in conformity with regulations.

(Authority: Para -5 of ALAM Part-II)

(b) A reconciliation statement is required to be prepared in respect of a unit. Who is normally supposed to prepare it? What is role of LAO in this regard?

(7 Marks)

Ans. LAOs should freely provide the necessary assistance which will ordinarily be limited to cases where the administrative authorities have any difficulty in closing the cash book and arriving at correct cash balances on the date of surprise checks or in cases of suspected frauds.

(Authority: Para 24 of ALAM Part-II)

7 (a) Name of any three CAT 'A' Training Establishments?

(3 Marks)

Ans. As enumerated in Para 258(A) DSR Volume I

(Para 258(A) DSR Volume I)

(b) A non- static formation is moving to an Operational area. What will happen to the library of the formation?

(7 Marks)

Ans. The library may be left in charge of the OC Station who will detail an officer to take over the accounts and ledgers with books and accessories from the formation.

(Authority: Para 276(g) DSR Volume I)

8 (a) Write a short note on Regimental Funds.

(3 Marks)

Ans. Regimental fund comprise all funds, other than public fund maintained by a unit which are financed either wholly or partly from public money. It also includes private funds i.e. all funds not financed in any way from the public money.

(Authority: Para 820 DSR Volume II)

(b) A Sub-area commander requests the CDA to inspect and report upon the regimental funds accounts of a particular unit. Can the CDA go ahead? What will happen to his report?

(7 Marks)

Ans. On request from Sub Area Commander the CDA can inspect and report upon the Regimental fund account of a particular unit. Further action on the report will be taken by the sub Area Commander.

(Authority: Para -834 DSR Volume -II)

SECTION-II (STORES ACCOUNTS AND INTERNAL AUDIT) (B) AIR FORCE

21

- 1 (a) Is audit report generated for according write off sanction for losses falling within the financial powers of Commanding Officers of Air Force Units?

(3 Marks)

Ans. For losses falling within the financial powers of Cos of Air Force units no audit report is obtained.

Authority: AFLAM, P-94, Para-126(Note)

- (b) Flight Cadet Singh has been rejected from ground training. What will happen to his airmen kit?

(7 Marks)

Ans. In the case of flight cadets rejected from ground training, the airmen kit is withdrawn and auctioned in normal manner.

Authority: AFLAM, P-101, Para-135(i)(Note)

- 2 (a) Is condiments contract a type of local contract?

(3 Marks)

Ans. Yes, it is a type of local contract.

(Authority: AFLAM, P-108, Para-145)

- (b) Air Commodore Sanjay has used government transport to attend party at a foreign embassy. Is it authorized?

Ans. Government transport is not authorized for officers attending parties at foreign embassies

Authority: AFLAM, P-132, Para-181(i)(iv)

- © For use transport for conveying school going children of Air Force personnel where one way distance exceeds 20 Kms. Whose sanction is required?

(3 Marks)

Ans. For use of transport where one way distance exceeds 20 Kms sanction of Government is to be obtained.

Authority: AFLAM, P-134, Para-181(x)

- 3 (a) Briefly explain the following :

- (i) Casting
- (ii) Linking and pairing
- (iii) Scheduling

(3 Marks)

Ans. (a) (i) "Casting" means checking of total in the accounts arithmetically by process of addition , subtraction, etc. to verify correctness in audit.

- (ii) "Linking" means bringing together an entry in the store accounts and a supporting voucher to ensure that the entry in the store accounts means bringing together two documents which are supposed to be facsimile copies one of the other to ensure in audit that are, in fact identical.

- (iii) "Scheduling" means transmission of vouchers by the consignor LAO to consignee LAO in regard to stores issued from one unit to another unit, formation etc.

Authority: AFLAM, P-36-37

- (b) From which document it is ascertained the the tyre rotation of a vehicle has been done at regular intervals to prevent pre-mature wear and tear of tyres?

(4 Marks)

Ans. Vehicle Leg Book' is the document to ascertain that the tyre rotation of a vehicle has been done.

(Authority: AFLAM, P-142, Para-190)

- © When performance of a vehicle falls below the 75% of the average KPL shown on the mileage card will it lead to audit observation?

(3 Marks)

Ans. When performance of a vehicle falls below the 75% of the average KPL shown on the mileage card no audit observation will be raised. Audit observation is raised when performance of a vehicle falls below the 70% of the average KPL shown on the mileage card.

Authority: AFLAM, P-141, Para-189

- 4 (a) Ordinary Flying Ration, packed in a metal container is given for normal use in flights of six hours or over. Is it a correct statement?

(3 Marks)

Ans. Yes, the statement is correct.

Authority: IAP 1501, P-390, Para -41(a)

- (b) Is ration and messing allowance admissible to individuals for days on which they are subsisted by the issue and consumption of ordinary flying rations?

(3 Marks)

Ans. The issue of ration and messing allowance is not admissible to individuals for days on which they are subsisted by the issue and consumption of ordinary flying rations.

Authority: IAP 1501, P-391, Para-51

- © Is Emergency Flying Ration issued along with Ordinary Flying Ration? Under what circumstances it can be consumed ?

(4 Marks)

Ans. Yes, Emergency Flying Ration is issued alongwith Ordinary Flying Ration. It can be used in cases of extreme necessity.

Authority: IAP 1501, P-390, Para-41(b)

- 5 (a) Name the type of review carried out to provision all ranges of spares of an aircraft or equipment before the concerned manufactured go out of production.

(3 Marks)

Ans. Life of Type' review.

Authority: IAP 1541, P-49, Para -33

- (b) Generally indents should cover requirement of all items included in periodical reviews and should not be raised piecemeal except when certain requirement have to be provisional. Name those requirements.

(7 Marks)

Ans. Those requirements are as follows:-

- (a) New modifications.
- (b) Items newly introduced in the service.
- © AOG, IOR and URR requirements and those arising at special reviews.

(Authority: IAP 1541, P-129)

- 6 (a) Army(including DSC) and Navy Personnel when attached to or forming part of IAF Units are issued rations at their own scales. Under what circumstances are they issued rations at IAF scales?

(3 Marks)

Ans. Army(including DSC) and Navy Personnel when attached to or forming part of IAF Units are issued rations at their own scales, and it is only when the IAF personnel are in a majority at the Air Force Units and separate messing for personnel of different services is not considered possible by the Officer Commanding of the IAF unit that they are issued rations at IAF scales.

The cost of rations issued will be debitable to Air Force estimate and no inter services adjustments will be made on their account.

(Authority: AFLAM, P-189, Para-250)

(b) What is Base Repair Depot? How it is different from Equipment Depot.

(7 Marks)

Ans. Equipment Depot is a unit stocking a range of Air Force Equipment for issue to consumer unit. While Base Repair Depot is a unit where 3rd and 4th line repair/OH is carried out. The difference is that while ED is only for stocking of spares BRD is for repair and overhaul and it can be termed as workshop.

(Authority: IAP 1501, P-5)

7 (a) How many indents can be raised from one provision review.

(3 Marks)

Ans. Normally a single indent should be raised for all requirements arising from one provision review.

(Authority: IAP 1541(Leaflet No. 12), P-129, Para-3)

(b) Define special review.

(3 Marks)

Ans. Special review is an intermediate review which is carried out between two successive periodical reviews.

(Authority: IAP 1541(Leaflet No. 6) P-97, Para-4)

© Under what circumstances SR can be coined?

(4 Marks)

Ans. Under following circumstances it can be coined:-

(a) Whenever stock of ED of an item falls to the Review Action figure.

(b) On receipt of AOG inability

© Monthly supplementary reviews in respect of all not inabilities (Other than AOG) received during the month.

(Authority: IAP 1541(Leaflet No.6) P-97, Para-4)

8 (a) Are aircraft rotables scaled items?

(3 Marks)

Ans. Yes, aircraft rotables are scaled.

(Authority: IAP 1541, P-121, Para-2)

(b) Under what circumstances the IAF indents placed on DGOF can be cancelled

(3 Marks)

Ans. The IAF indents placed on DGOF can be cancelled if there is surplus of the stores indented of which there is either no future requirement or the existing stocks likely to last beyond their shelf life.

(Authority: IAP 1541, P-198, Para-18(a))

© Who will be regularize the resultant loss?

(4 Marks)

Ans. The resultant loss will be regularized either by Air HQrs. or DGOF depending on whether the cancellation was made before or after the agreed delivery date.

(Authority: IAP 1541, P-198-199, Para-18)

SECTION-II (STORES ACCOUNTS AND INTERNAL AUDIT @ NAVY)

1 In a contract concluded for procurement of certain naval stores option clause as well as Repeat order clause both are included.

(a) It is proposed to place order exercising option clause with the approval of the CFA under whose powers the supply order/contract for original supplies was placed. Comment.

(3 Marks)

Ans. The supply order exercising option clause can be placed with the approval of CFA under whose powers the supply order for original supplies was placed provided the total value of original supplies plus value of the option clause falls under the powers of the said CFA.

If total value of original supplies plus value of the option clause is beyond the said CFA, approval of next higher CFA within whose power the revised value fall, will be required.

- (b) While scrutinising the proposal received for according concurrence of IFA for placing order on the basis of option clause, what conditions governing option clause will you examine?

(7 Marks)

Ans. Conditions governing option clause are as under:

(1) Against an outstanding incident for which acceptance of necessity has been approved by CFA, it may advantageous to the purchaser to exercise option clause in accordance with terms and conditions of the contract.

(2) The option clause is to be exercised on approved of the CFA, within whose powers total value of original supplies plus value of the option clause falls, in consultation with IFA, where applicable as per the delegation of financial powers during the currency of the contract.

(3) It is should be ensured that there is no downward trend in the market.

(4) No fruitful result will accrue by floating fresh RFP, when items are urgently required. (5) If the contract also contain repeat Order Clause, it may be kept in mind while placing under option clause that the total quantity under option clause and the repeat order clause CANNOT exceed fifty percent of this originally ordered quantity.

(Authority: Para 7.13.3

of DPM 2009, Pg. No. 74 & 75)

- 2 (a) Why no advance payment should be offered in the RFP?

(3 Marks)

Ans. No advance payment should be offered in the RFP because, Ordinarily payments for the services rendered or supplies made should be released only oafter the services have been rendered or supplies made.

- (b) (i) In what type of cases can you consider the proposal for making advance payment to the firm for according concurrence.

(5 Marks)

Ans. If the payment of advance cannot be avoided, it may be considered in the following types of cases:(1) Advance payments are demaded by firms holding maintenance contracts for services of air conditioners, computers, other costly equipments etc.

(2) Advance payment demanded by firms against fabrications contracts, turn key contracts etc.

Where it is decided to provide advance payment, the quantum should be incorporated upfront in the RFP.

(Authority (a) & (b)(i) of DPM 2009 , Page-65)

- (ii) What is the maximum amount upto which payment can be made to the firm in case it is decided to concur the said proposal ?

(2 Marks)

Ans. In case it is decided to provide advance payment to the firm, the maximum amount should not exceed 15% of the contract value or the amount payable for six months in case of maintainance contracts. (Authority: 7.4.2 of DPM 2009, Page No. 65)

- 3 (a) A contract for supply of vegetable fresh stands placed on a contractor. If the contractor fails to meet the demand placed on him and honour the contracted obligations what action the Bae Victualling Officer may take against him to safeguard the interest of the state and to meet immediate requirement of vegetables?

(5 Marks)

Ans. To meet the immediate requirement of vegetables the Base Victualling officer may carry out local purchase of vegetables with prior approval of the CFA. If time does not permit, this matter is to be intimated to the CFA soon after making the local purchase. To safeguard the interest of state the Base Victualling officers may take action to carry out above local purchase at the Risk and Expense of the contractor, if Risk and Expense purchase clause is included in the said contract.

(b) On what occasions can the Base Victualling Officer resort to local purchase?

(5 Marks)

Ans. The Base Victualling Officer may purchase items locally on the following occasions. (i) Items for which requirements are spasmodic and conducting contract for such supplies is considered uneconomical. (ii) When contractor fails to supply items demanded and purchases are to be made at the risk and expense of the contractor. (iii) When the stocks of an item of Central supply are exhausted but are required to meet immediately requirements. (iv) When abnormal quantities of contract supply items are required to meet unforeseen requirements and the contractor is unable to meet the requirements.
(Authority: Para 1626 & 1627 Page -95 of Instruction on victualling for IN ships and Establishments.)

4 (a) Define the term "Provisioning" and list the basic objectives of provisioning in naval material management.

(3 Marks)

Ans. Provisioning in the context of naval material management stands for the authorisation to acquire an item through indenting. The basic objectives of provisioning are
- High of the shelf availability
- Minimisation of inventory carrying costs
- Minimisation of procurement costs
- Provision of war time needs

(Authority: Paras 3.1 and 3.3 of Material Planning Manual, Page-23)

(b) An indent has been raised by covering full requirement of the item for the planned provisioning period. But the LPV indent or urgent/operational indents have not been included therein. Why so? Please comment.

7 Marks)

Ans. The LPV indent or urgent/operational indent (whether LPV or CPV) has not been included in the said indent because the full requirement of an item for the planned period cannot be worked out in case of LPV indent or urgent/operational indents because of the following reasons:
- An LPV indent is required to be raised when the requirement has arisen unexpectedly and where indent value is within the Local Purchase powers of the concerned authority.
- An operational or urgent indent (Whether LPV or CPV) is to be raised on the basis of corresponding demand priority.

(Para 10.7 and

10.11 of Material Planning Manual Page-80)

5 (a) Please define the term "Special Stores"

(3 Marks)

Ans. Special stores are those stores which are not of a standard pattern, but which are peculiar to (i) particular ship (ii) Class of ship and (iii) item of equipment. These are accounted for in the ships Naval Store Account. **(Article 11 of Naval Store Keeping Manual, Page-9)**

(b) (i) Briefly describe how the Naval Stores are categorised?

(4 Marks)

Ans.

Naval stores are categorised as follows:

- (1) **Permanent Stores** are those Naval Stores which
 - (a) are not consumed or appreciably altered in use
 - (b) are usually of a greater value than consumable stores
 - (c) have a greater functional importance.

There replacements as such, are only necessary at long intervals.

- (2) **Consumable Stores** comprises stores which are (a) used to destructions or become **worn** within a limited time. (b) of small monetary value They require frequent replenishment and as such are regarded as expended on issue by supply officers. (3)

Quasi- Permanent Stores - refers to those Naval Stores which though broadly categorised as consumable stores are of quasi permanent nature. They comprise articles which because their semi-permanent character shall, in so far as practicable, after first fitting out, only be issued to departments in exchange for an equal quantity of unserviceable stores of the same descriptions.

- (ii) Please mention the categories against each store under which it falls:

1. Sea Boats
2. Taps
3. Paints
4. Electric lamp
5. Brushes
6. Pressure Gauges

(3 Marks)

Ans

1. Permanent Stores
2. Quasi Permanent Stores
3. Consumable Stores
4. Consumable Stores
5. Quasi Permanent Stores
6. Permanent Stores

(Authority: Article 12 of Naval Store Keeping Manual Page 9 & 10)

6

If the following two proposals are received in your office. What advice will you render as an IFA and why?

- (a) In a Draft Tender Enquiry/RFP relating to procurement of Dry Ration received for vetting, brand names in respect of items proposed to be procured have been mentioned.

(5 Marks)

Ans.

Mentioning of Brand Names in the Tender Enquiry/RFP

Since mentioning of brand names in the Tender Enquiry/RFP may curtail/restrict competition, reference of brand names in the Tender Enquiry/RFP should be avoided. Rather the technical specifications mentioned in the Tender Enquiry/RFP should be generic, flexible and broad-based to generate optimum competition to achieve most economical rates, in the interest of economy to the state.

(Authority: Para- 4.8.3 of DPM 2009 Page -30)

- (b) A draft supply order has been received for vetting. During examination of the clauses included therein, it is observed that certain clauses have been incorporated in draft supply order/Draft contract which did not figure in the RFP.

Ans. Inclusion of certain clauses in the Draft Supply Order/Contract which were not included in the RFP/DTE.

No, it will not be appropriate to incorporate any such clause in the Draft Supply Order/Contract, which was Not incorporated in the DTE/RFP, as inclusion of any such clause in the contract which did not figure in the RFP/DTE would amount to unfair denial of opportunity to others suppliers.

(Authority: Para 4.8.4 of DPM 2009 , Page-30)

7 (a) What do you understand by special conditions of contract?

(5 Marks)

Ans. Special conditions of contract are Supplementary conditions applicable to a specific tender and contract. Such conditions become essential particularly in cases of contract for supply of services or even equipment. In addition there may be need to stipulate conditions like stage inspection, acceptance trials, installation, setting to work and commissioning or pre-defined stages of payment or services. Special conditions should be decided while procuring the proposed for CFA approved and mentioned in Part-IV in the Request for proposed as well as Contract/Supply order.

(Authority: Para 7.1.4, Chapter 7 of DPM 2009 Page No. 63)

(b) Please mention against each of the following clauses, while formulating a draft request for proposal. You will include the said clause under " Standard conditions of contract" or "Special conditions of contract" ?

- (i)** Performance Guarantee
- (ii)** Arbitration
- (iii)** Fall Clause
- (iv)** Buy-Back offer.

(5 Marks)

- Ans.**
- (i)** Special conditions of contract
(Clause 1 of Special Condition Appdx -'C')
 - (ii)** Standard Condition of Contract
(Clause 3 of Standard Condition Appdx -'C')
 - (iii)** Special Condition of Contract
(Clause 9 of Special Condition Appdx -'C')
 - (iv)** Standard Condition of Contract
(Clause 8 of Standard Condition Appdx -'C')
 - (v)** Special Condition of Contract
(Clause 13 of Special Condition Appdx -'C')

(Authority: Part-III- Standard Conditions of RFP

Part-IV- Special Conditions of RFP of APPENDIX 'C' of DPM 2009, Page No. 166-213

8 Briefly describe any 5 of the following terms:

- (i)** Audit Enforcement
- (ii)** Linking
- (iii)** Pairing
- (iv)** Skelton List
- (v)** Sub List
- (vi)** Top List

(2X5= 10)

Ans.

- (i) **Audit Enfacement**- All Accounts, registers documents, vouchers etc. which are audited will be enfaced 'Audited' 'Linked', 'Test checked' 'Objected to' 'Remarked on' as the case may be. The NLAO and the SO(A) and auditors will affix their dated initials and designations to each of these documents etc. in token of their having conducted that part of the examination, audit, scrutiny or test check for which they are personally responsible.

Only red ink or red coloured pencil will be used by Local audit staff for the above purpose.

(Authority: Para-76 of NLAOs Manual, Page-20)

- (ii) Linking - means bringing together an entry in ledger etc. And supporting vouchers to ensure that the entry in the ledger etc is strictly in accordance with the vouchers or vice versa.
- (iii) Pairing - means bringing together two documents which are supposed to be facsimile copies one of the other to ensure that they are in fact identical.
- (iv) Skelton List- Means the list with which vouchers are forwarded by the issuing depots to their NLAO periodically.
- (v) Sub List - Means the forwarding memo which shows the total number of central or Local purchase vouchers or receipt vouchers in respect of each ship/establishment.
- (vi) Top List - Means the forwarding memo which shows the consignee units, the total numbers of vouchers for each unit and the grand total of vouchers on the list and is sent by a consignee's LAO/PCDA(N) to a consignee's LAO with transfer Central or Local purchase vouchers for verification of credits in the store accounts of consignee.

In respect of ships and establishments located in the audit area of the consignor's NLAO, they are retained by him in his capacity also of consignee's NLAO.

(Authority: (ii) to (vi) Para 39 of NLAO's Manual, Page-9)

SECTION -II [STORES ACCOUNTS AND INTERNAL AUDIT] (D) FACTORY]

- 1 (a) What is Principal Ledger? How many kind of Accounts it consists of ? What purpose it serves ?

Ans.

Principal Ledger is maintained in Accounts Office with the purpose to facilitate reconciliation of financial of financial accounts with cost accounts so as to ensure that the data presented in financial as well as cost accounts are correct and no item of expenditure is left out. The system of accounting is based on the principle of self balancing ledgers. The Principal Ledger facilitates the preparation of consolidated Manufacturing Accounts and arriving at the Cost of Production under various categories. The heads of accounts in the principal ledger have been devised as to provide the information required for the compilation of final accounts and also for effecting a direct reconciliation of the figures compiled in the financial accounts with those compiled in the cost accounts to the extent they are so reconcilable. The Principal Ledger consists of 44 accounts. Examples are Store Accounts, Production Accounts, Finished Stock Accounts and Statements of Assets and Liabilities.

(Authority: Para 840 of OM Part-VI)

- (b) Please mention the journal Entries to be operated in respect of the following transactions in the Principal Ledger:
- (i) Payment made during the year for local purchase of stores
 - (ii) Direct labour cost charged to production.
 - (iii) Purchase of machinery under new capital grant.
 - (iv) Surplus stores sold during the year for which recoveries are outstanding.
 - (v) DAD Charges.
 - (vi) Expenditure incurred under Workmen's Compensation Act.

(vii) Expenditure on work carried out by MES

(1X7 = 7 Marks)

Ans.

The Journal entries to be made in the Principal Ledger are as follows-

(i) Payment made during the year for local purchase of stores

Dr. Stores Cash Purchase Account

Cr. Capital Outlay Account

(ii) Direct Labour cost charged to production

Dr. Work in Progress Account

Cr. Wage Account

(iii) Purchase of machinery under new capital grant

Dr. Capital Assets Account

Cr. Capital Outlay Account

(iv) Surplus stores sold during the year for which recoveries are outstanding

Dr. Outstanding Assests Account

Cr. Capital Outlay Account

(v) DAD Charges

Dr. Overhead Expenses Account

Cr. Capital Outlay Account

(vi) Expenditure incurred under Workmen's Compensation Act

Dr. Wages Account

Cr. Overhead expenses account.

(vii) Expenditure on work carried out by MES

Dr. Capital Assests Account

Cr. Capital Outlay Account

(Authority: Para 840 of OM of Part-VI)

2 (a)

What do you understand by Except system? How is it different from PPL System of component accounting? What are the advantages of following this system?

(2 Marks)

Ans.

Except System - In case of items comprising many components, each kind of component is manufactured independently and finally assembled. Instead of taking the finished components to the stock as complete and subsequent drawal to assembly work orders, the components are kept on production charge. The work orders for cmponents are drawn in 40 series . Since this system of component manufacture is an exception to the general procedure of manufacturing the components on stock series work orders, this system is called Except System.

The another system of production of components is known as the PPL system (Priced Production Ledger) under which, the materials and components manufactured in the factory for further utilization will not be transferred in stock, but are retained on production charge on Priced Production Ledger. Such components are manufactured under work order series 41.

(Authority: Para 646 & 653 of OM Part-VI)

(b)

What are the open extracts? What purpose do they have?

(2 Marks)

Ans.

Open Extract is a general authority for Ordnance Factories to carry out miscellaneous services for which specific sanction of the OFB is not required in each individual case. Under these extracts the General Manager can carry out work of payment services in each case upto the limit of his financial power without asking for separate extracts from OFB.

(Authority: Para 613 of OM Part-VI)

(c)

How the correctness of posting of cost in thecost card is ensured ? What is the role of AAO and Accounts Officer in this regard?

Ans.

The correctness of the postings of costs in the Cost Card is ensured by the sample checking of such postings from the abstracts which is done by the Asst. Accounts Officer. The extent of test check to be done by him are Labour and Material Abstracts- 5% Overhead Abstracts- 5%, Transfer Vouchers & Allocation Sheet-15%. After the posting of each abstract, a certificate is also recorded by the AAO. Thereafter, the abstracts are to be submitted to the Accounts Officer for checking. No % age has been prescribed for his checking but he should satisfy himself about the accuracy of postings done.

(Authority: Para 627 of OM Part-VI)

(2 Marks)

- (d) What are the fundamental principles of public buying ?

Ans.

Every public authority entrusted with the responsibility of procurement and having the financial powers to do so shall have the responsibility and accountability for ensuring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

(Authority: Para 2.1.1 of OFB Procurement Manual)

(2 Marks)

- (e) What are the situations in which exchange rate variations are to be agreed?

(2 Marks)

Ans.

The exchange rate variation clause is to be included only in the contracts with the Defence PSUs, in case the delivery period exceeds one year and the contract involves import content.

(Authority: Para 7.6.1. of OFB Procurement Manual)

- 3 (a) How are the abnormal rejections in manufacturing dealt with?

(2 Marks)

Ans.

The cost of abnormal rejection in manufacture is treated as an item not chargeable to the normal production and the same is required to be regularized as loss under the powers of the General Manager. The regularization of abnormal rejection beyond maximum % age permissible should be related to a period to cover a reasonable volume of production which should normally be 3 months for short cycle products and 6 months for long cycle products.

(Authority: Para 679 of OM Part-VI)

- (b) What are the powers of General Manager to incur expenditure on erection and commissioning of plant and machinery including installation of services such as distribution of steam compressed air oil etc. departmentally. What are the powers to get the above work done through contracts?

(2 Marks)

Ans.

The powers for erection and commissioning to be done departmentally - full powers. The powers for similar work to be done through contract - 25 lakhs.

(Authority: Delegation of Financial Powers Sr. No. 8 c & 8 d)

- (c) MTPF Ambarnath manufactures a machine for Ordnance Factory Khamaria on receipt of IFD. Indicate the following:

- (i) MTPF would undertake production in which work order?
- (ii) MTPF would issue machine through which kind of voucher?
- (iii) How would OF Khamaria account for the machine received ?

(2 Marks)

Ans.

- (i) MTPF Ambarnath would undertake production of the machinery under 70 series work order.

- (ii) The completed machine will be issued by MTPF to OFK on 'P' series Issue Vouchers.

(iii) The receiving factory i.e. OFK would take the machine on capital charge by directly preparing 'M' series receipt voucher.

(Authority: Para -747 of OM Part VI)

- (d) An Ordnance Factory 'A' receives a machine with book value of Rs. 20 lakh from Factory 'B' and incurs an expenditure of Rs. 5 lakh on foundation and erection. The General Manager of Factory 'A' decides to capitalize this expenditure along with the value of machine. Comment on the correctness of this decision.

(2 Marks)

Ans. The action of the General Manager of Factory 'A' is not correct. The expenditure incurred in the consignee factory for new foundation and re-erection of the machine should not be capitalized but should be charged to Revenue Expenditure through 02 series Work Order (WO 02/00041/00- Work of erection and foundation)

(Authority: Para 749 of OM Part-VI)

- (e) What is the method of depreciation of permanent buildings on Ordnance Factories?

(2 Marks)

Ans. All permanent buildings, both industrial and non industrial will be depreciated on the basis of uniform assessed life of 60 years after deducting the residual value equal to the normal amount of depreciation. The depreciation will be charged from the first of the month following that in which the building is read for use in occupation.

(Authority: Para 800 of OM Part-VI)

- 4 (a) In respect of a contract, what do these signify:

- (i) Consideration
- (ii) Lawfulness of object
- (iii) Free consent
- (iv) Competency of the parties

(4 Marks)

Ans. (i) Consideration- Under the Law of Contract, consideration is something which one party to the contract agrees to do for the other party and something which is advantageous to the promisor of the contract or disadvantageous to the promisee. The contract is not valid without consideration.

(Authority: Para 6.5.1 of OFB Procurement Manual)

- (ii) **Lawfulness of object:** The subject matter of the contract or consideration should not be forbidden by law or should contravene any provision of the law. It should not be fraudulent, immoral and opposed to the public policy.

(Authority: Para 6.6.1 of OFB Procurement Manual)

- (iii) **Free consent** - The consent of the parties to the contract should not be caused by coercion, undue influence, fraud, misrepresentation of the facts or mistake. The free consent is essential for a valid contract in the eyes of the law.

(Authority: Para 6.4.2 of OFB Procurement Manual)

- (iv) **Competency of the parties** - Under the law of contract any person who has attained majority and is of sound mind and who is not debarred by law may enter into contracts. Thus the minors, the persons of unsound mind and insolvent persons are not competent to enter into contracts.

(Authority: Para 6.3.1 of OFB Procurement Manual)

- (b) What are limitations of taking risk and purchase action?

(2 Marks)

Ans.

Risk Purchase Action at cost and expense of the supplier may not always be a feasible alternative for the Government as it may not be practically possible to enforce the recovery without legal action. The legal recourse is time consuming and may not always result in favourable judgement for the Government. It can be possible only in those cases where the supplier is having lot of business interests with the sister factories and therefore, is amenable to such action. The risk purchase action is rarely invoked in the case of import contracts for these reasons. Further, in case of a proprietary nature of item, there may not be an alternative source for procurement.

(Authority: Para 7.15.2 of OFB Procurement Manual)

- © What are the guidelines for quoting the price of civil trade orders by the Ordnance Factories?

(4 Marks)

Ans.

In order to utilize the spare capacity available with the Ordnance Factories, it has been decided by the Government to manufacture stores for sale to civil trade, central and state police forces and certain non-military departments. The OFB/GMs are authorized to fix the quotation price without prior concurrence of Accounts. The minimum price will include the direct labour + direct material and full variable overhead charges + the cost of such staff as may have to specially be deployed for that work. The maximum price is the minimum price as mentioned above + fixed charges + appropriate share of preliminary expenses where applicable. For civil trade quotations, for private bodies, the minimum price will be direct labour + direct material + as much of the variable charges as the market can bear.

(Authority: Para 99 of OM Part-VI)

- 5 (a) Rs. 5,00,00,000/- were incurred for manufacture of item 'X'
- | | |
|--|-----------|
| (i) Quality Ordered | 50,00,000 |
| (ii) Provision of UAR% | 10% |
| (iii) Processed quantity | 55,00,000 |
| (iv) Quantity accepted in inspection | 45,00,000 |
| (v) Total quantity rejection in inspection | 10,00,000 |

Calculate the unit cost of production if item X and value of abnormal rejection to be kept out of production.

(5 Marks)

Ans.
$$\frac{\text{UAR Quantity} \times 45,00,000 \times 10}{100 - 10} = 5,00,000$$

(Qty accepted X UAR % divided by 1000-UAR)

Avoidable Rejection Quantity: $10,00,000 - 5,00,000 = 5,00,000$

(Total rejection - unavoidable rejection)

Percentage of Avoidable Rejection : $5,00,000 / 55,00,000 = 9.09\%$

Cost of Avoidable Rejection KOP : $5,00,00,000 \times \frac{5,00,000}{55,00,000} = \text{Rs. } 45,45,455/-$

(Total Expenditure divided by processed Qty. X Avoidable Qty)

Cost of Manufacturing Loss kept out of production : Rs. 45,45,455/-

Unit cost of production : $\frac{5,00,00,000 \times 5,00,000}{55,00,000} = \text{Rs. } 10.10/-$

(Total Expenditure minus KOP divided by Accepted Qty.)

(b) Which are the series of Work Order to which the following expenditures pertain to:

- (i) Conversion of Timber in GCF Jabalpur
- (ii) Processing of Propellant in OFI.
- (iii) Repairs of capital nature in AFK.
- (iv) Pay of Gazetted Officers.
- (v) Pay of incentive bonus to IEs.

(5 Marks)

- Ans.
- (i) 08 Series
 - (ii) 03 Series
 - (iii) 04 Series
 - (iv) 01 Series
 - (v) 02 Series

6 (a) What is the significance of Reconciliation of Bin Cards and Priced Store Ledger?

(2 Marks)

Ans. Bin Cards are maintained by the store keeping staff of the Factory and these documents contain the details like description of store, its location, receipts, issues and balance quantity available with the store at a particular point of time. The Priced Store Ledger (PSL) is maintained by the Material Section of the Accounts Office. PSL contains the details of receipts, issues and balances for each item along with the quantity as well as the values. Reconciliation of the Bin Card and PSL is required to be done periodically and necessarily at the end of the financial year to ensure that the quantitative balances appearing in the Bin Cards are in agreement with the details in the PSL. In case of any discrepancies the reasons are to be investigated and necessary adjustments are to be carried out.

Authority: Para 415, 416 & 428 of OM Part-VI)

- (b) In a case of material supplied by a vendor, the receipt voucher has been prepared by the Factory on 31.03.2013, whereas the Material Inward Slip is dated 24.05.2013. The receipt voucher is received in Accounts Officer after the dispatch of March (Correction) Accounts. What is the appropriate action to be taken by Accounts Office in this case?

(2 Marks)

Ans. The preparation of Receipt Voucher on 31/3/2013 and preparation of MI Slip on 24/5/2013 indicates that material has actually been received in the Factory on 24/5/2013 and Factory has tried to account the Store Receipt in the Annual Accounts of 2012-13. However, after the closure of March correction Accounts (14 Accounts) the Store Account stands finalized and therefore, it is not possible to account this receipt in the Annual Accounts of 2012-13. Such receipt voucher should be put under objection by the Accounts Office and returned to the Factory for rectification and accounting in the next financial year since the material has actually been received in the Factory on 24/5/2013.

(Authority: Para 407 of OM Part-VI)

- (c)** What is the difference between Material Planning Sheet and SHIS? What audit is to be conducted by the Accounts Office on these documents?

(2 Marks)

Ans. The Production Issue Vouchers ('P' Vouchers) received from the Factory for the purpose of being accounted as production issues to different indentors are supposed to be necessarily accompanied by Inspection Notes ('O' Vouchers) and the dispatch details. The non-availability of Inspection Notes as well as dispatch details indicate that the items have not yet been cleared by the inspection and no actual dispatch is taking place. Therefore, such vouchers should not be accepted and returned to the Management for rectification.

(Authority: Para 668, 669, 670 & 671 of OM Part-VI)

- (d)** What is the difference between Material Planning Sheet and SHIS? What audit is to be conducted by the Accounts Office on these documents?

(2 Marks)

Ans. The Material Planning Sheet is prepared by the data processing section of the Factory and contains details like material estimates, details of receipt and issue vouchers, the dues from different suppliers and from the sister factories etc. It also contains the details for Production Programme for the year. The SHIS contains the details of stock in hand, dues, working of requirements and WIP etc. Thus, some of the information in both the documents are overlapping. However, SHIS is the auditable document for the Accounts Office and the details given in the MP Sheet, which is not an auditable document are taken only as supporting details.

(Authority: Para 348, 349 & 350 of OM Part-VI)

- (e)** What are Slow Moving and Non Moving Stores? What kind of review on such stores is to be carried out by the Accounts Office?

(2 Marks)

Ans. Slow Moving items are those which are not been drawn for a continuous period of one year from the date of receipt. Non Moving Stores are those which have not been drawn for a period of 3 years or more from the date of receipt. The Accounts Office has to review the position of these stores on quarterly basis and render the report to the Management as well as to PCA. The causes for accumulation of such stores as well as their utilization by the other factories is to be explored by the Management. These issues are also discussed regularly in the ULMC Meeting between Management and the Accounts Office for remedial action.

(Authority: Para 4.6.1.1(iv) of OFB Procurement Manual)

- 7 (a)** When a vendor is considered established?

(2 Marks)

Ans. A vendor is considered as an established source for a particular item if he has successfully supplied at least 95% of the ordered quantity against one supply order and the same has been accepted on meeting the desired qualitative requirements at the factory.

(Authority: Para 4.6.1.1.(iv) of OFB Procurement Manual)

- (b) An ordnance factory desires to place order for a critical item on three firms L1, L2 and L3 in the ratio of 50: 30:20. However, the provisioning section of the factory has not mentioned this in the tender documents. Can the factory do so?

(2 Marks)

Ans. The factory may decide to place order on more than one firm on the ground of the product being of critical or vital nature. However, the intention of buyer to do so should be mentioned in the tender documents clearly and unambiguously, along with the number of firms on whom the orders are proposed to be placed and the proposed ratio of distribution of quantity linked with the ranking of the vendors decided after the commercial evaluation.

(Authority: Para 4.21 of OFB Procurement Manual)

- (c) A DGM seeks clarification from a firm on a technical matter before meeting of the TEC. The firm duly clarifies the matter in writing. Is the process correct?

(2 Marks)

Ans. The action of the DGM to seek clarification on phone is not correct, even though the matter is technical and not commercial. During evaluation and comparison of bids, the purchaser may ask the bidder for clarifications in writing and no change in prices, or substance of the bid shall be sought.

(Authority: Para 4.22.1(h) of OFB Procurement Manual)

- (d) If there is a discrepancy between unit price and total price in a bid, which one would prevail? If the discrepancy is between words and figures, which one would be accepted?

Ans. If there is a discrepancy between unit price and total price in a bid, the unit price shall prevail? If the discrepancy is between words and figures, the amounts in words shall prevail?

(Authority: Para 4.241(c) of OFB Procurement Manual)

- (e) A local vendor of equipments holds the authorization to represent two Original Equipment Manufacturers. An Ordnance Factory allows him to quote in tender on behalf of both the firms. Comment on this decision.

Ans. The action of the Ordnance Factory is not correct. One agent can not represent two OEMs/Principals or quote on their behalf in a particular tender inquiry and such quotes should be rejected.

(Authority: Para 4.22.1(i) of OFB Procurement Manual)

- 8 (a) In a Development Order the firm fails to develop the item within the given Delivery Period. What is the extension of time which can be further given to the firm? What would be the action if the firm fails to develop the item within the extended Delivery Period?

(2 Marks)

Ans. In case of a failure to develop an item for a Development Order in the given time frame, an extension of time which will be not more than 50% of the time given originally will be allowed to the firm. If the item is not developed even in this extended time, the order would be canceled and re-tender issued.

(Authority: Para 4.6.1.1(ii) (g)(iv) of OFB Procurement Manual)

- (b) How the variable overheads can be controlled in a factory?

(2 Marks)

Ans.

The variable overheads of a Factory may fluctuate from period to period but this may not be in direct proportion to the volume of production. Accordingly, the methods of control of variable expenditure are to be so devised as to enable the Management to judge that this expenditure does not increase at a rate which is not commensurate with the load of the Factory. To achieve this, a comparison of the ratio of indirect labour to direct labour, from month to month needs to be worked out. The cases where variable charges fluctuate abnormally, not in conformity with the load, should be identified. The detailed analysis of the primary documents would reveal the causes of such abnormal fluctuations and accordingly, the remedial action may be suggested to the Management.

(Authority: Para- 575 of OM Part-VI)

- © What is the action to be taken if the actual levied fixed overhead is less than 7% of the chargeable fixed charges?

(2 Marks)

Ans.

This is a case of under absorption of fixed overheads by 2%. Therefore, this difference is to be charged to production by re-levying the difference over all the work orders in proportion to the value of direct labour.

(Authority: Para 590 of OM Part-VI)

- (d) What kind of vouchers are used to account the loan transactions and how?

(2 Marks)

Ans.

The transactions relating to loan are to be accounted for by Nominal series of vouchers. For eg. The Stores loaned to private parties for fabrication and the return thereof is to be accounted in this manner. These vouchers are not posted in the Priced Store Ledger as the issuing section is still the holder of the Stores.

(Authority: Para 489 & 490 of OM Part-VI)

- (e) What is the caution to be exercised while issuing PACs?

(2 Marks)

Ans.

The issue of PAC (Proprietary Article Certificate) confers monopoly on one firm and negates competition. Therefore, PAC status should be granted after careful consideration of all the factors like fitness, availability, standardization, value for money and after confirming from all possible sources that the said firm is the only source of the material/equipment and no other source is available in the market. For this purpose the Procurement Officers must maintain a reliable data base of all possible sources. However, spares have to be sourced only from original equipment manufacturers.

(Authority: Para 4.7.2.3. of OFB Procurement Manual)

DEFENCE ACCOUNTS DEPARTMENT
S.A.S. EXAMINATION PART-II, SEPTEMBER, 2013
PAPER-VII- THEORY(WITHOUT BOOKS)
SUBJECT: FINANCIAL MANAGEMENT, IFA SYSTEM AND ELEMENTS OF LAW

Time Allowed: 3 Hours

Max. Marks: 100

NOTES:

- 1 In all, candidates are to attempt 10 questions- 4 questions out of 6 questions from Section-I, 3 questions out of 5 questions from Section-II and 3 questions out of 5 questions from Section-III
- 2 Each question in Section-I, II and III carries 10 marks.
- 3 Answers to questions in respect of each Section should be written in one place.

SECTION-I (FINANCIAL MANAGEMENT)

- 1 Write short notes on the following:

- (a) Pre-bid conference
- (b) Parallel Rate Contract
- (c) Evaluation of L-1 price against the Benchmark
- (d) Exceptional situations where price negotiations may be conducted.

(4X2.5 = 10 Marks)

Ans

- (a) The provision for a pre-bid conference clause in the bidding document may be kept in case of turnkey contracts or contracts of special nature involving procurement of sophisticated and costly equipments. This is useful for clarifying issues and clearing doubts, if any, about the specifications and technical details mentioned in the bidding documents. The date for conducting pre-bid conference, which is to be mentioned in the bidding document, should be sufficiently ahead of the bid opening date.

Authority: GFR, Rule 160(Viii)

- (b) Parallel Rate Contract with more than one firm is desirable, where a single supplier doesn't have enough capacity to cater to the entire demand of an item or where it is desirable to have a wider vendor base due to criticality of the items. With the approval of the next higher CFA, parallel rate contracts with marginal price difference say up to 5% may be concluded.

Authority: DPM 2009, Para 8.6.1

- (c) Evaluation of L-1 price against the Benchmark is required to be done by the Commercial Negotiation Committee(CNC)/TPC on a case to case basis, depending on the accuracy with which the benchmark price could be assessed, nature of the item, volatility of prices and the urgency for meeting the requirement. The benchmark price need not be taken as a cut-off price, but only as a basis for comparison with the quoted price for determining the reasonableness of the L-1 offer.

(Authority: DPM 2009 & Supplement 2010, Para 13.3.8)

- (d) Following are the exceptional situations where price negotiations may be conducted:

- (i) Procurement of proprietary items.
- (ii) Items with limited sources of supply - i.e. Single tender and resultant single tender.
- (iii) Items where there is suspicion of a cartel formation.
- (iv) In multi-vendor cases where the offered price is considered high with reference to the assessed reasonable price.

Authority: DPM 2009, Para 13.3.6

2 Briefly describe the rationale for the following general guidelines for entering into contracts.

- (a) The terms of the contract must be precise and definite.
- (b) Standard forms of contract should be adopted.
- (c) All contracts should have a provision for recovery of liquidated damages.
- (d) No work should be carried out under the contract beyond the date of its expiry.

(4X2.5 = 10 Marks)

Ans. (a) While framing a contract it is absolutely essential that its terms are precise definite so that there is no room for any ambiguity and scope for any misinterpretation. Vague terms and conditions are exploited by contractors with implications on cost and completion/delivery time.

(Authority: DGS&D Manual, Para 2.20(b))

- (b) Generally, standard forms of contracts should be adopted because these standard forms have been framed following adequate legal scrutiny of its terms and it can stand the legal scrutiny in the court of law. This also ensures uniformity in the framing of bidding documents.

Authority: DGS&D Manual, Para 2.20(d)

- (c) The provision in the bidding document for liquidated damages is required to be made to compensate for the loss on account of late delivery. If the contractor fails to deliver the stores/service or any instalment thereof within the stipulated delivery period the Competent Financial Authority may recover from the contractor, a sum equivalent as specified in the Liquidated Damages(LD) clause in the contract document.

(Authority: DPM 2009, Para 7.10)

- (d) Time is the essence of the contract and if the work is done beyond the date of expiry of the contract, the implications of it are not legally tenable. Hence, it is important that where work has to be required to be continued beyond the date of delivery of the contract, timely action should be taken for renewing/extending the delivery period before expiry of its existing tenure.

(Authority: DGS&D Manual, Para 2.20(r))

3 What are the circumstances under which re-tendering may be resorted to ?

(10 Marks)

Ans. Re-tendering may be considered under the following circumstances:

- (i) Offer(s) are at variance with the qualitative requirements and other terms & conditions set out in the RFP.
- (ii) There are major changes in specifications and quantity from the User side.
- (iii) Prices quoted are found to be unreasonably high with reference to assessed reasonable price.
- (iv) There is evidence of a sudden slump in prices after receipt of the bids.
- (v) Many vendors did not participate because of restrictive specifications leading to lack of competition.

Authority: Para 4.16.1 DPM 2009

4 Explain the role of "Commercial Negotiations Committee"

(10 Marks)

Ans. Commercial Negotiations Committee(CNC) has a wider role to perform. Specific functions that CNC is required to carry out are indicated below:

- (i) It is the CNC which is finally required to determine the L-1 by taking into considerations all relevant aspects including taxes.
- (ii) Establishing reasonableness of the price offered by the L-1 is one of the major responsibility of the CNC. This is done by taking into consideration the benchmark, it any fixed earlier and other relevant factors.
- (iii) CNC is responsible for making recommendations for negotiations or otherwise with detailed justification. This is to be reflected in the minutes of the meeting.
- (iv) CNC to undertake price negotiations after approval of the CFA and in consultation with IFA(whenever required as per delegation of powers)
- (v) CNC is required to place on record, the efforts made for arriving at the acceptable price.

(Authority: Paras 4.13, 4.13.7, 4.16.1,13.3.5,13.3.6 & 13.8.6 of DPM 2009 as amended)

5 (a) What are the factors to be considered for extending the delivery period or to cancel the contract?

(5 Marks)

Ans. The issue of whether the extension of delivery date is to be granted as asked for by the Supplier or the contract may be cancelled, would be decided by the CFA on the merits of each case. The procuring authority has to balance the time factor required for making the re-purchase and whether the supply can be arranged earlier than the period of extension sought for a cheaper rates from alternative sources. Further, extension may be granted only where the CFA is convinced that supplier would come forward during the extended delivery period. In other words, where there are not prospects of supplies forthcoming, particularly after granting one extension, it would be advisable to cancel the contract with a view to making re-purchase as per the provisions of the Conditions of Contract.

Authority: Para: 7.9.4 of DPM 2009 as amended and Para 12.10 of DGS & D Manual)

(b) In the event of complete non-performance of the contract by the vendor, liquidated damages have been found to be recovered. Is this action in order? Justify your stand.

(5 Marks)

Ans. The action of recovering Liquidated Damages (LD) in the event of complete non performance of the contract by the vendor is not in order. This is because is the Performance Security Deposit/Performance Bank Guarantee, and not the provision in the contract for recovery of Liquidated Damages, which is meant to compensate the purchaser for any losses suffered due to non-performance of the contract by the vendor. Therefore, instead of invoking LD clause, Performance Bank Guarantee should have been forfeited.

(Authority: Para 7.7.1 and 7.10 of DPM 2009)

6 Explain the following as per the provisions of Central Treasury Rules:-

- (a)** The procedure for cancellation of a cheque
- (b)** Responsibility of a Drawing Officer

(2X5 = 10 Marks)

Ans. **(a)** Where the counterfoil of the cheque is available, cancellation of the cheque must be recorded on the counterfoil, and the cheque, if it is in the drawer's possession, he should promptly address the Treasury Officer to stop the payment of the cheque. After ascertaining that the payment has been stopped, he will make the necessary entry in his accounts.
Cheques having no counterfoil like in the Defence Accounts Department, the cancellation of cheques should be recorded by the Drawing Officer on the copy of the Schedule of cheques issued and the register of daily payments as the case may be.

(Authority: Rule 164 of Central Treasury Rules, Volume-I)

(b) While drawing the cash, the Drawing Officer should follow the rules applicable to preparation of bills and exercise the same vigilance in respect of petty contingent expenses as a person of ordinary prudence may be expected to exercise in spending his own money. The following aspects in particular will be ensured.

(i) The money is required for immediate disbursement or has already been paid from the permanent advance.

(ii) The expenditure is within the available appropriation.

(iii) If the original appropriation has been exceeded or is likely to exceed, then all steps should have been taken with a view to obtain additional appropriation.

(Authority: Rule 295 of Central Treasury Rules, Volume-I)

SECTION-II(IFA System)

1 (a) What is the broad purpose of the Army Commanders' Special Powers for Northern and Eastern Commands?

(4 Marks)

Ans. The broad purpose of the Army Commanders' Special Powers for Northern and Eastern Commands is to facilitate the procurement of equipment/spares/items to supplement the availability of these through central sources to obviate non-availability becoming a constraint particularly in counter insurgency/internal security duties/defence of Siachen Glacier and other immediate operational requirements.

(Authority: Note-13 below Schedule XXI(A) of GOI MoD letter No. A/89591/FP-1/1974/2006/D(GS-I) dated 26 July, 2006)

(b) What are the objects on which Army Commanders of Southern, Central, Western and South Western Commands can use the Special Financial Powers to enhance Op readiness of Strike Corps and Reserve Formation?

(6 Marks)

Ans. The objects on which Army Commanders' of Southern, Central, Western and South Western Commands can use the Special Financial Powers to enhance Op readiness of Strike Corps and Reserve Formation are listed below:

(i) Modifications to vehicles, equipments and spares.

(ii) Innovation to reduce time in execution during operations.

(iii) Off the shelf purchase of specialised engineer and telecommunication equipments.

(iv) Power wagons for operation of engineer and communication equipments.

(v) Collapsible and quick to erect shelters.

(vi) Any other essential equipments/modifications at the discretion of the GOC-in-C.

(Authority: Note-14(a) below Schedule XXI (B) of GOI MoD letter No. A/89591/FP-1/1974/2006/D(GS-I) dated 26th July, 2006)

2 (a) Explain the importance of adherence to the time schedule for the formulation of budget proposals.

(5 Marks)

Ans. Various financial powers originally exercised by the finance ministry have been delegated and enhanced from time to time. The basis of this arrangement is that the finance ministry will exercise its control mainly by a proper scrutiny of the schemes etc. before inclusion in the budget. It is, therefore, most important that the time schedule for the formulation of budget proposals should be closely adhered to, in order to allow sufficient time for proper scrutiny by the finance ministry and for any subsequent discussions that may become necessary.

Authority: GoI decision No.2 below Rule 7 of Delegation of Financial Powers Rule 1978)

- (b) What procedure is required to be followed in the even of the CFA overruling the advice of the IFA/CDA ?

(5 Marks)

Ans. The CFA is recognised as the ultimate decision maker in the system of delegated financial powers. It will thus be open to the CFA to overrule the advice of the IFA/CDA by an order to be recorded in writing containing a gist fo the objection of IFA/CDA and reasons for overruling the advice, a copy of which will be endorsed to the next higher CFA and the IFA. For IFA it is open to him to report the matter to the next higher IFA or dropping it as deemed fit.

(Authority: Para 9 of GOI MoD letter No. A/89591/FP-1/1974/2006/D(GS-I) dated 26th July, 2006

- 3 (a) Can the Officer possessing financial powers delegate these powers to any sub-ordinate officer? Briefly explain the rule-provisions on the subject.

(6 Marks)

Ans. The financial powers delegated in the Schedules are personal to the Officer and cannot be delegated to any sub-ordinate officer except and to the extent permissible in term of provisions of Rule 65(a) & (b) of FR Part-I Vol-I

An Officer possessing financial powers may authorise a staff officer to sign communication and documents of a financial character on his behalf with a clear understanding that the sole responsibility rests on the officer having original delegation of financial powers.

Authority: 1) Rule 65 (a) and (b) of FR Part-I Volume-I

2) Para 10, 11(a) & (b) of GOI MoD letter NO. A/89591/FP-1/1974/2006/D(GS-I) Dated 26 July 2006)

- (b) What is the prescribed procedure for exercising financial powers in the following situations?

- (i) When an officer possessing financial powers is absent on leave and no officer has been formally appointed in his place.

Ans. In such a situation, financial responsibility will rest on the officer actually performing his duties who will for the time being exercise the full powers of the absentee. Further, the sub-ordinate officer's signature should indicate the he signs "For..... Absent on"

(Authority: Rule 65(d) of FR Part-I Volume-I)

- (ii) When an officer possessing financial powers has been posted out and no officer has been formally appointed in his place.

Ans. In such a situation, financial responsibility will rest on the officer actually performing his duties who will for the time being exercise the full powers of the appointment.

(Authority: Rule 65 (f) of FR Part-I Volume-I)

- 4 (a) What are the points which are required to be considered while exercising financial powers for off loading , maintenance, Repairs and Refit of Indian Navy Ships/Crafts/vessels?

Ans. The following points are required to be kept in view while exercising financial powers for offloading maintenance, Repairs and Refit of Indian Navy ships/crafts/vessels:

- (i) Capacity for repair is not available with Navy's Workshops/Dockyards.
- (ii) The work is essential for operational fighting and sea going efficiency of ships.
- (iii) Preference will be given to Public Sector Organisations and Port Trust workshops.
- (iv) Provisions of Regulations 4411 of Regulations(Navy) Part-I Non-statutory are to be adhered to while outsourcing the work to private firms.
- (v) Offloading of the work may be resorted with the approval of the appropriate CFA.

Athority: Sl. No. 18 of Annexure 1 to GOI MoD letter No. PL/3221/NHQ/486-S/2006/D(N-IV) dated 19th July 2006)

- (b) What are the characteristic features of Refits/Repair of ships/submarines?

Ans. The nature of refitting/repairing work of ships/submarines is usually non-deterministic and dynamic in nature with regard to resources required for completion. Several factors impact the progress of the work. These factors are age of ship/submarine, condition of on-board equipment/machinery, condition of hull, additions and alterations proposed etc. Since, the precise volume of the work is uncertain, additional financial sanction up to 15% of contract value would be catered for unanticipated 'Growth of Work'.

Authority: DPM 2009, Para 14.7.1)

- 5 (a) What is the criterion for determining the CFA for MES works where the project includes both authorised and special items of work? Mention the financial powers in respect of special works delegated to GOC-in-C and AOC-in-C to be exercised with IFA's concurrence.

(5 Marks)

Ans. While determining the CFA in a case where the project includes both authorised and special items of work, the criterion will not be the financial powers for the authorised items of works alone. In such a case, the estimated cost of the total of the special items of work will be deciding factor and the Administrative Approval will be issued by the CFA under whose financial powers the total of the special items of work fall.

The financial powers in respect of special works delegated to GOC - in- C and AOC-in-C to be exercised with IFA's concurrence are Rs. 30.00 lakh and Rs. 50.00 lakh respectively.

Authority: 1) Note -3 below Schedule XVIII(Army) of GOI MoD letter No. A/89591/FP-1/1974/2006/D(GS-I) dated 26 July, 2006

2) Sl. NO. A-2 of Schedule XVIII(Army) of GOI MoD letter No. A/89591/FP-1/1974/2006/D(GS-I) dated 26th July 2006)

3) Schedule XVIII A-2 to GOI MoD letter No. Air HQrs./95378/1/FinP/2431/US(RC)/Air-II/06 dated 14th July, 2006

- (b) Highlight the importance of time limit for procurement and accountability thereof.

(5 Marks)

Ans. Facilitating faster decision-making along with obtaining the best value for money is the primary objective of decentralization of decision-making and delegation of financial powers. Keeping with the principle of " authority with accountability", every individual in the chain of the procurement process is therefore accountable for taking action in a specified time period in order to ensure that the requirements of the Defence Services are met on time.

(Authority: Para 2.6.1 of DPM 2009)

SECTION-III(Elements of Law)

1 In accordance with "The arbitration and conciliation Act 1996"

- (a) What does "arbitration agreement" mean?

(4 Marks)

Ans. The "arbitration agreement" means an agreement by the parties to submit to arbitration all or certain disputes which have arisen or which may arise between them in respect of a defined legal relationship whether contractual or not.

Authority: Clause 7(1) of the Arbitration and Conciliation Act, 1996)

- (b) What are conditions under which "arbitration agreement" is said to be in writing ?

(6 Marks)

Ans.

An "arbitration agreement" is said to be in writing if it is contained in;

(i) A document signed by the parties.

(ii) An exchange of letters, telex, telegrams or other means of telecommunication, which provide record of the agreement, or

(iii) An exchange of statements of claim and defence in which the existence of the agreement is alleged by one party and not denied by the other.

(Authority: Clause 7(4) of the Arbitration and Conciliation Act, 1996)

2

In the context of the Negotiable Instruments Act, 1881, define/explain the following:

(a) Negotiation

(b) Instruments payable on demand

(c) At Sight

(d) The day on which the instrument shall be deemed to be due when the day of its maturity is a holiday.

(4X2.5= 10 Marks)

Ans.

(a) When a promissory note, bill of exchange or cheque is transferred to any person so as to constitute the person, the holder thereof, the instrument is said to be negotiated.

(Authority: Clause 14 of The Negotiable Instruments Act, 1881 as amended)

(b) A Promissory Note and a Bill of Exchange in which no time for payment is specified, and a cheque, are payable on demand.

(Authority: Clause 19 of The Negotiable Instruments Act, 1881 as amended)

(c) In a promissory Note or Bill of Exchange, when the expression "at sight" is specifically mentioned therein, it means that these instruments are payable on demand.

(Authority: Clause 21 of The Negotiable Instruments Act, 1881 as amended)

(d) When the day on which a Promissory Note or Bill of Exchange is at maturity is a public holiday, the instrument shall be deemed to be due on the preceding business day.

(Authority: Clause 25 of The Negotiable Instruments Act, 1881 as amended)

3

In terms of the Sale of Goods Act, 1930

(a) Distinguish between a condition and a warranty?

(5 Marks)

Ans.

A condition in a contract of sale with reference to goods is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated. A warranty on the other hand is a stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the goods and not to treat the contract as repudiated.

Authority: Clause 12 of The Sale of Goods Act, 1930 as amended)

(b) How is a contract of Sale of Goods made?

(5 Marks)

Ans.

A contract of sale is made by an offer to buy or sell goods for a price and acceptance of such offer. The contract may provide for immediate delivery of the goods or immediate payment of the price or both or for the delivery of the goods or immediate payment of the price or both or for the delivery or payments by instalments or that the delivery or payment or both shall be postponed. The contract of sale may be made in writing or by word of mouth or may be employed from the conduct of the parties.

(Authority: Clause 5 of the Sale of Goods Act, 1930 as amended)

4

What are the circumstances (mention at least 5) in which an agreement becomes void in terms of 'The Indian Contract Act, 1872'?

(10 Marks)

Ans.

Following circumstances make an agreement void: (any five of the following)

(i) If consideration and objects of an agreement are unlawful.

- (ii) Agreement without consideration unless there is a promise in writing (and registered), to compensate.
- (iii) Agreement in restraint of marriage.
- (iv) Agreement in restraint of trade.
- (v) Agreement in restraint of legal proceedings.
- (vi) Agreement the meaning of which is not certain.
- (vii) Agreement by way of wager.

Authority: Clause 24 to 30 of The Indian Contract Act, 1872 as amended.)

5

- (a) Explain power of the President of India to promulgate ordinances during recess of Parliament.

(4 Marks)

Ans.

If at any time, except when both houses of Parliament are in session, the President is satisfied the circumstances exist which render it necessary for him to take immediate action, he may promulgate such ordinances as the circumstances appear to him to require.

(Authority: Article 123 (1) of The Constitution of India)

- (b) Define/Explain the following:

- (i) Appropriation Bill
- (ii) The contingency Fund of India
- (iii) Role of the President of India in the context of making of a contract.

(3X2 = 6 Marks)

Ans.

- (i) Appropriation Bill is a bill which is introduced to provide for the appropriation out of the Consolidated Fund of India of all the monies required to meet;

(a) The grants made by the House of the People.

(b) The expenditure charged on the Consolidated Fund of India but not exceeding the amount shown in the Statement previously laid before the Parliament.

(Authority: Article 114(1) of The Constitution of India)

- (ii) The Contingency Fund of India is in the nature of an imprest into which such sums of money as may be determined by the law is deposited. This fund is placed at the disposal of the President of India. The purpose of the fund is to meet unforeseen expenditure pending authorisation of such expenditure by the Parliament.

Authority: Article 267(1) of The Constitution of India)

- (iii) With regard to making of a contract the President of India is not having any direct executive role. However, all contracts made by the Competent Authority in exercise of the executive power of the Union are required to be expressed and shown to be made for and on behalf of the President of India.

(Authority: Article 299 (1) of the Constitution of India)

DEFENCE ACCOUNTS DEPARTMENT
S.A.S. EXAMINATION -PART-II
PAPER-VIII-(QUALIFYING PAPER)
SUBJECT: OFFICE COMMUNICATION

Time Allowed: 3 Hours

Max. Marks: 150

NOTES

- 1 This is a qualifying paper only in which a candidate has to compulsorily secure 60 marks. Marks secured in this paper will neither be counted in the aggregate marks nor will be added in total marks secured in other papers.
 - 2 Four(4) questions are to be answered by the candidates out of 6 questions.
 - 3 Question No.1 is compulsory carrying 40 marks. 5 and 10 marks are reserved for the title and summary of points respectively and 25 marks for precis proper.
 - 4 Question No.2 is also compulsory carrying 40 marks.
 - 5 Candidates are to attempt 2 questions out of questions set at Serial Nos. 3 to 6. Each question carries 35 marks, the total being 70 marks(35X2).
- 1 Make a precis of the material given in Appendix-1. Also suggest a suitable title and give a summary of points.

(40 Marks)

APPENDIX-1

No. G/Per
618, Anna Salai,
Teynampet,
Chennai-600018
05-Sep-12

To

The CGDA,
Ulan Batar Road,
Palam Cantt.,
Delhi Cantt.-10

Sub: Statement of case for relaxation of rules for reimbursement of full medical expenditure (Retromastoid) from DGHS, Delhi in respect of Shri Q, Sr.Auditor

A medical re-imburement claim for Rs. 2,78,470/- submitted by Shri Q, Sr. Auditor of this office towards treatment is forwarded herewith along with a statement of case duly recommended by the CDA.

The treatment was undertaken in a CGHS recognized hospital under reference from CGHS and the individual has requested for full re-imburement of the expenditure. As the case involves relaxation of rules, the case is required to be referred to the Technical Standing Committee for recommendation and Secretary (Health & Family welfare) for sanction in accordance with the provisions contained in sub-para (2) of para 3 in MoH & FW No. 4-18/2005- C&P [Vol.-1 Pt(1)] dated 20.02.2009

Statement of case for relaxation of rules for reimbursement of full medical expenditure (Retromastoid) from DGHS, Delhi in respect of Shri Q, Sr. Auditor.

Brief Facts of the case

Shri Q, Sr. Auditor of this office was diagnosed with having brain tumor and was admitted at Christ Hospital, Chennai for excision of brain tumor infra territorial and carnioplasty. The individual is covered under CGHS and the above hospital is an empanelled hospital under CGHS. He was discharged from hospital on 01.02.2013 and the total expenditure incurred towards the treatment is Rs. 2,78,470/-. The final claim has now been submitted and the individual has requested for considering the case as a special case and admit full reimbursement.

2 Detailed Justification of the Case:

Shri Q. Sr. Auditor was diagnosed as having brain tumor. The CGHS authorities have referred the patient to Christ Hospital, Chennai a CGHS recognized hospital for surgery and further treatment. The patient was admitted in the above hospital on 01 August, 2012.

3 Shri Q. had undergone excision of brain tumor-infra territorial and carnioplasty at Christ Hospital, Chennai. This office had paid an advance amounting to Rs. 1,24,000/- as per estimates submitted by the hospital.

4 The patient underwent surgical as well as medical management at the hospital and was finally discharged on 29 August 2012 and the entire expenditure incurred toward treatment amounted to Rs. 2,78,470. The individual has now submitted tha due to spells of fever and sever vomitting he was required to be kept in the hospital and even after discharge he was bed ridden as well as on RT feed. The individual has also requested to treat the case as special one and reimburse the entire expenditure without any disallowance.

5 Authority

As per Ministry of Health & Family Welfare No. S. 12020/4/97-CHS(P) dated 27.12.2006 those cases where the settled scheme/rules are required to be relaxed are to be referred to the Ministry of Health. Further in accordance with the provisions contained in sub-para(2) of Para 3 in MOH & FW OM NO. 4-18/2005 -C&P [Vol. 1-Pt(1) dated 20.02.2009, the relaxation of rules for reimbursement of full expenditure is required to be referred to a Technical Standing Committee which consists of DGHS/Addl. DGHS, Director(CGHS) and subject matter specialist. If the Technical Standing Committee recommends, the relaxation of rules for permitting full reimbursement of medical expenses is allowed by the Secretary (Health & Family Welfare) in consultation with IFD.

6 Recommendation:

Since the patinet was admitted to a CGHS recognized hospital as recommended by CGHS authorities and was undergoing prolonged treatment involving brain surgery, it is recommended that the case be referred to a Technical Standing Committee for relaxation of rules of re-imbursement of full expenditure.

Dy. Controller of Defence Accounts(AN)

CONTROLLER GENERAL OF DEFENCE ACCOUNTS
ULAN BATAR ROAD, PALAM, DELHI CANTT-110010

No.AN/XXXX/Q

Dated: 15 October 2012

To

The CDA
Chennai

Sub.: Request for relaxation of rules for full reimbursement of medical expenditure incurred by Shri Q Sr. Auditor on account of treatment.

Ref: Your office letter No. AN/G/Per dated.....

The matter regarding Shri Q on account of treatment was taken up with MoH & FW for according sanction for reimbursement of full expenditure in terms of MoH & FW OM No. 4-18/2005-C&P [Vol.I Pt. (1)] dated 20.02.2009.

The MoH & FW have examined the case and returned the case file with the following directions:

- (i) Explanation by the hospital why during package rate for 12 days cost of other items are included. The hospital must furnish a corrected version of hospital bill prepared as per CGHS procedure. The procedure detail may be obtained from NABH'S compendium on CGHS 12th Edition May 2011 or from website of MoH & FW and CGHS.
 - (ii) As the case was a planned surgery in a CGHS empanelled hospital it cannot be considered under guidelines for relaxation of rules for full reimbursement.
 - (iii) However the departmental head with the help of Addl. Dir. CGHS, Chennai may calculate the hospital bill as per CGHS rate and procedure and ward entitlement of the beneficiary and if found excess amount charged by the hospital may be recovered from pending bills of the hospital.
- 3 Apart from above, MoH & FW have also called for the following documents:
- (i) Day to Day progress report and treatment record from the hospital.
 - (ii) All investigation reports including X-Ray, MRI, CT Plate with report.
 - (iii) Voucher invoice of the implant costing Rs. 27,900/-(Twenty Seven Thousand Nine Hundred) with name of components of implant and their price.
 - (iv) The patient was admitted in Christ Hospital which is a CGHS empanelled hospital from 01 to 29 August, 2012 for a period of 29 days. For specialized treatment the package rate offered by CGHS upto 12 days. The additional stay beyond the period to be supported by relevant medical records and certificate as shown by the hospital.
- 4 In view of the above it is requested to please take necessary action as directed by MoH & FW and thereafter resubmit the case along with the above documents/information to this HQrs. Office for onward transmission to the Ministry.

For CGDA

No.AN/G/Per
Office of the CDA,
618, Anna Salai,
Teynampet,
Chennai-600018
Dated 17.10.2012

To,
The Chief Medical Officer,
Christ Hospital
Beach Road,
Chennai-600001

Sub: Medical Reimbursement claim in r/o Shri Q. Sr. Auditor.

Ref: Your Hospital Final Bill No. 9876 dated 29.08.2012 for reg no. 01010 XYZ.

The above medical bill for Rs. 2,78,470/- along with its enclosures were forwarded to Ministry of Health & Family Welfare for according sanction for reimbursement. The Ministry after examining the case has returned the case with following directions:

(i) As the case is planned surgery in a CGHS empanelled hospital, the explanation by the hospital why during package rate for 12 days, cost of other items are included. The hospital must furnish a corrected version of hospital bill prepared as per CGHS procedure.

(ii) The Ministry has also intimated that the patient was admitted for planned specialized surgery, for period of 29 days. As such the MoH & FW had directed that additional stay beyond the 12 days is required to be supported by relevant medical records and certificates from the hospital. Further, the day to day progress report and treatment record from the hospital and all the investigation reports including X-Ray, MRI, CT plate with reports has to be submitted to the Ministry.

It is therefore, requested to re-examine the bill and issue a corrected version of hospital bill. It is also requested to forward voucher invoices of the implant costing Rs. 27,900/- day to day progress report and treatment record, investigation reports including X-Ray, MRI, CT plates with report to this office for onward submission to Ministry. In case, the patient was required to be admitted in the hospital for 29 days, relevant medical records, certificates may also be forwarded.

An early action is requested since the case is required to be re-submitted to the Ministry.

Dy. Controller of Defence Accounts (AN)

Copy to:

The Addl. Director
CGHS
Teynampet,
Chennai - 600018

For information along with a copy of the final bill and enclosures.

It is seen that the patient was referred to Christ Hospital for Excision of brain tumor (861) & Cranioplasty (877). However the hospital has carried out treatment for 29 days from 01.08.2012 to 29.08.2012 and a final bill for Rs. 2,78,470 was made. The break up of the charges as weel as admissible amount as per CGHS rates is enclosed as annexure. It could be seen from the same that the hospital has charged for medicines, bed charges, medical attendcance, physiotherapy, breathing exercise etc, while the patient was undergoing treatment under package rates.

The case was taken up with the Ministry of Health & Family Welfare who has directed that the hospital bill is require to be corrected as per CGHS package rates. It has been further directed to calculate the hospital bill with the help of Add. Dir, CGHS, Chennai as per CGHS rate & procedures and ward entitlment of the beneficiary and if found excess, excess amount charged by the hospital may be recovered from the pending bills of the hospital.

As such it is requested to confirm the correctness of the amount to be reimbursed as per CGHS rates. It is also requested to take upt the case with the abve hospital to refund the excess amount charged by the hospital in excess of the package rates to the patient.

Dy. Controller of Defence Accounts (AN)

Office of the Additional Director,
CENTRAL GOVT. HEALTH SCHEME,
Teynampet,
Chennai-600018

Tel./Fax: 044-123456

No. CGHS/PNE/AC/MRC/2011-12/2536

Dated: 18.11.2012

To

The CDA,
618, Anna Salai
Teynampet,
Chennai -600018

Subj: Medical Reimbursement claim in r/o Shri Q. Sr. Auditor

Sir,

Please refer to your letter No. AN/G/Per dated 17.10.2012 addressed to Christ Hospital, Beach Road, Chennai and copy endorsed to this office regarding the subject mentioned above.

MRC in respect of Shri Q may be settled as detailed below:

Date of Admission	-	01.08.2012
Date of Surgery	-	03.08.2012
Date of Discharge	-	29.08.2012

Medical management from 01.08.2012 to 29.08.2012 may be allowed (stay, investigations, medicines etc.)

Surgical Package 03.08.2012 to 14.08.2012 may be allowed.

Medical management from 15.08.2012 to 22.08.2012 may be allowed (stay, investigations, medicines etc.)

Investigation- MRI allowed

Implant- allowed

Yours faithfully,
Addl. Director,
CGHS,
Chennai

CHRIST HOSPITAL, BEACH ROAD, CHENNAI- 600001

To

The office of the CDA
618, Annai Salai,
Teynampet,
Chennai - 600018

Sub: Medical Reimbursement claim in respect of Shri Q, Reg No. 01010XYZ

Sir,

- 1 This has reference to your letter No. AN/G/per dated 17.10.2012 on the above referred subject:
 - (a) This case under reference concerning Shri Q was a medical and surgical case combined and not a planned surgical case alone as mentioned in your above referred letter.
 - (b) The total amount of medicines consumed during this admission was of Rs. 1,28, 183.44 out of which we have allowed Rs. 13, 744 against the surgical package. Usually 15% of package amount is allowed as expenses against medicines.
 - (c) The patient was admitted for a total period of 29 days in the hospital from 01.08.2012 to 29.08.2012
 - (d) All the investigations report including X-ray, MRI, CT etc. Were collected by the patient in original at the time of discharge from the hospital.
 - (e) The sticker concerning the implant for Rs. 27,900/- is enclosed herewith.
 - (f) The date wise medicines consumed for the patient is also enclosed herewith.
 - (g) All the charges levied by the hospital in respect of Shri Q was as per the CGHS schedule and rules.
- 2 All the reports and medical records including the discharge reports were collected by the patient at the time of discharge. We believe the same were submitted by the patient along with his medical reimbursement claim to your office which is the usual practice.

With regards,

KVC
GM Operations
Dated 25th November, 2012

No.AN/G/Pers.
Office of the CDA
618, Anna Salai
Teynampet,
Chennai-600001
Dated: 26.11.2012

To

The CGDA,
Ullan Batar Road,
Palam Cantt,
Delhi

Subject: Request for relaxation of rules for reimbursement of full medical expenditure(Retromastiod) from DGHS, Delhi in respect of Shri Q, Sr. Auditor.

Reference: HQrs. Letter No. AN/XXXX/Q dated 15.10.2012

The medical treatment re-imburement case of Shri Q, Sr. Auditor along with the document/information as desired and called for by MoH & FW mentined in letter under reference are submitted herewith for onward transmission to the Ministry.

(i) Copy of the explanation submitted by the hospital authorities regarding including cost of other items during package rate of 12 days duration is enclosed and is self explanatory.

(ii) As per the statement of hospital authorities, the case was a medical and surgical case combined and not a planned surgical case alone.

(iii) The Addl. Director CGHS, Chennai vide their letter No. CGHS/PNE/AC/MRC/2011-12/2536 dated 18-11-2012 has calculated the period of treatment and the copy of the same is enclosed.

(iv) The hospital authorities have submitted the following and is enclosed.

(a) Day-to-day progress report and treatment record from the hospital.

(b) All the investigation reports including X-ray, MRI, CT Plate with report.

(c) Voucher invoice of the implant costing Rs. 27,900/- with name of the components of the implant and their price.

(d) The break up details of hospital stay of 29 days as stated by CGHS Authorities letter mentioned ibid is self explanatory.

PCDA has seen.

Dy. CDA(AN)

CONTROLLER GENERAL OF DEFENCE ACCOUNTS
Ulan Batar, Palam, Delhi Cantt-110010

No. AN/XXXX/Q

Dated: 02.12.2012

To

The CDA
618, Annai Salai,
Teynampet,
Chennai -600018

Subject: Request for relaxation of rules for reimbursement of full medical expenditure (Retromastiod) from DGHS, Delhi in respect of Shri Q, Sr. Auditor

Reference: Your office letter No. G/Per-6115 dated 31-10-2012

- 1 The case of Shri Q, Sr. Auditor seeking sanction for reimbursement of full expenditure in relaxation of rules was referred to Ministry of Health & Family Welfare for their consideration.
- 2 DGHS, the Ministry of Health & Family Welfare have since intimated that the request of the individual for full reimbursement of medical expenses cannot be considered as the indoor treatment was done at Christ Hospital , a CGHS recognized Hospital and hence medical claim may be regulated as per the guidelines provided by Addl. Director CGHS, Chennai unde their letter No. CGHS/PNE/AC/MRC/2010-11/2536 dated 18.11.2012
- 3 Necessary action may be taken accordingly.
- 4 All documents received in original are returned herewith.
Encl. - As above

For CGDA

No.AN/G/Pers
Office of the CDA
618, Annai Salai,
Teynampet,
Chennai - 600018
Dated: 03.12.2012

To

Shri Q
Sr. Auditor
Record Section (Local)

Subject: Medical Reimbursement claim NO. 123 dated 31.08.2012

Please refer to above mentioned claim for RS. 2,78,470/- with a request for full reimbursement.

The matter was referred to Ministry of Health & Family Welfare through our HQrs. office and the Ministry intimated that full re-imbursement of medical expenses cannot be considered as the indoor treatment was done at a Hospital which is empanelled in the CGHS recognized hospital.

Therefore, the claim for Rs. 2,78,470 has been admitted for Rs. 2,62,113.90

SAO(AN/Pay)

- Ans. 1**
- 1 Medical re-imburement claim for Rs. 2,78,470 in respect of Shri Q. Sr. Auditor, CDA Chennai on account of treatment for Brain Tumor.
 - 2 The patient was admitted to Christ Hospital, Beach Road, Chennai which is an empanelled hospital under CGHS.
 - 3 The patient was paid with an advance of Rs. 1,24,000/- as per estimates of the hospital.
 - 4 The surgical as well as medical management at the hospital took 29 days
 - 5 The package period for excision of brain tumor, infra territorial and carnioplasty is 12 days as per extant orders.
 - 6 The individual desires complete reimbursement of the expenditure without any disallowance.
-
- 7 Cases for relaxing the settled scheme/rules are to be referred to Ministry of Health as per Ministry of Health & Family Welfare No. S.12020/4/97-CGHS(P) dated 27.12.2006
 - 8 As per provisions contained in sub Para(2) of Para-3 in MOH & FW OM No.4 -18/2005-C&P (Vol. I Pt.(i) dated 20.02.2009, the relaxation of rules for reimbursement of full expenditure is required to be referred to a Technical Standing Committee which consists of CGHS/Addl. DGHS, Director(CGHS) and subject matter specialist.
 - 9 Based on Technical Standing Committee recommendation, the relaxation of rules for permitting full reimbursement of medical expenses is allowed by the Secretary (Health & Family Welfare) in consultation with IFD.
 - 10 CGDA office referred the matter to MoH & FW and sought information regarding inclusion of cost of other items in the package rate of 12 days; Addl. Director, CGHS Chennai to calculate the hospital bill as per CGHS rate; day to day progress report and treatment record from the hospital, investigation reports including X-Ray, MRI, CT plate with report, Voucher invoice of the implant costing Rs. 27900/- and medical records in support of additional stay as the package rate offered by CGHS is upto 12 days.
 - 11 Christ Hospital intimated that the total amount for medicines consumption was Rs. 1,28,283.44 out of which an amount of Rs. 13,774 was against the surgical package.
 - 12 CGHS approved Medical Management for stay, investigations, surgical package, MRI and Implant.
 - 13 HQrs. informed that DGHS, Ministry of Health & Family Welfare, have intimated that the full reimbursement of medical expenses cannot be considered as the indoor treatment was done at Christ Hospital, Beach Road, Chennai is a Recognized CGHS hospital.
 - 14 The claim has to be regulated as per directions given by CGHS Chennai vide their letter No.CGHS/PNE/AC/MRC/2011-12/2536 dated 1.11.2012
 - 15 The claim of Rs. 2,78, 470/- has been admitted for Rs. 2,62,113.90 with reference to directions of CGDA based on the remarks of MoH & FW.

PRECIS

Title: MEDICAL REIMBURSEMENT

OR

PACKAGE RATES-CGHS

OR

PROCEDURE/PROVISIONS FOR RELAXATION OF RULES FOR MEDICAL REIMBURSEMENT

12

Shri Q, Sr. Auditor, CDA, Chennai has submitted a medical reimbursement claim for Rs. 2,78,470/- The individual was diagnosed with Brain tumor. On the directions of CGHS he was admitted on 1st August 2012 to the Christ Hospital, Beach Road, Chennai-600001 for Excision of Brain Tumor, infra territorial and cranioplasty. The individual is covered under CGHS and Christ Hospital, Beach Road; Chennai is an empanelled hospital under CGHS. With reference to the Hospital estimates an amount of Rs. 1,24,000/- was paid as an advance towards Medical Treatment. The patient underwent surgical as well as medical management at the hospital and was discharged on 29.08.2012. Hospital has raised a bill of Rs. 2,78,470/- for the entire expenditure incurred toward treatment. The package rates for such treatment is 12 days, however, the patient was hospitalized for 29 days due to spells of fever and severe vomiting. The individual requests for full reimbursement of the claim as a specialized case.

The case was forwarded to CGHS as such cases for relaxing the settled schemes/rules are to be referred to Ministry of Health as per Ministry of Health & Family Welfare No. S. 12020/4/97-CGHS(P) dated 27.12.2006. And also as per provisions of Sub Para (2) of Para(3) in MoH & FW OM No. 4 - 18/2005-C&P (Vol.I Pt.I) dated 20.02.2009, the relaxations for reimbursement of full expenditure is required to be referred to a Technical Standing Committee comprising of CGHS/Addl.DGHS, Director(CGHS) and subject matter Specialist. The rules will be relaxed on the recommendations of the Committee by the Secretary(Health & Family Welfare) in consultation with IFD. MoH & FW was referred by CGDA in the case and the Ministry sought information from the hospital on inclusion of cost of other items in the package rate of 12 days along with day to day progress report and treatment record, investigation reports including X-Ray, MRI, CT plate with report, voucher invoice of the implant costing Rs. 27,900 and medical records in support of additional stay beyond 12 days. Ministry directed CGHS Chennai to calculate the hospital bill as per extant orders.

Christ Hospital, Beach Road, Chennai sent a detailed report of the bill, stating the total amount for medicines consumption was Rs. 1,28,183.44 out of which an amount of Rs. 13774/- was against the surgical package. Addl. Director CGHS intimated vide their letter No. CGHS/PNE/AC/MRC/2011-12/2536 dated 18.11.2012. That, the Medical Management for stay, investigations, surgical package, MRI and Implant can be admitted and reimbursed to the individual.

The information obtained from the Christ Hospital, Beach Road, Chennai and the CGHS approval was sent to the CGDA for onward transmission to the CGHS, MoH & FW to examine for consideration of full reimbursement of the claim. Ministry intimated CGDA that full reimbursement of Medical expenses cannot be considered as the indoor treatment was done at Christ Hospital, which is a CGHS recognized Hospital. The Medical reimbursement claim for Rs. 2,78,470 was finalised and an amount of Rs. 2,62,113.90 was reimbursed to Shri Q, Sr. Auditor.

2

Shri M. Was transferred from Kolkata to Guwahati in October 2012. He was issued with relieving orders immediately as per HQrs. directions. After issuing the relieving orders, Shri M. Represented that his medical certificates have to be verified before being transferred out, as he is a heart patient and requires constant medical care. He also stated that he is the only staff member transferred on seniority basis. As he relieving orders have already been issued, Shri M. was directed to report to new duty station and take up the matter with HQrs. office.

Against this transfer, the individual has filed on OA No. 000/2012 in CAT, Kolkata for consideration of retention at Kolkata.

As the dealing SO(A) please prepare a draft counter affidavit, based on the facts on the matter mentioned above.

(40 Marks)

Ans. 2

**BEFORE THE CENTRAL ADMINISTRATIVE TRIBUNAL, KOLKATA
COUNTER AFFIDAVIT**

(On behalf of the Respondents)

OA. No. 000 of 2012

Shri M. APPLICANT

VERSUS

UNION OF INDIA & OTHERS.....RESPONDENTS

I, S, DCDA(AN) having my office of the Principal Controller of Accounts (Factories), 10A, SK Bose Road, Kolkata-700001, do hereby state on solemn affirmation as under

I say I have been authorised to file this Written Statment on behalf of the respondents,

I say that I am acquainted with the facts and circumstances of the case, in my official capacity

I say that I have gone through the contentions/averments/allegations made in the Original Application dated 2012 and reply to the same is as under:

I say that all the material averments in the Original Application, which are not specifically admitted herein above, stands denied and the applicant is put to strict proof of all such averments

With reference to Original Applicatio, it is submitted that the applicant was transferred vide CGDA's order dated 15 Oct 2012 that the individuals stand posted to CDA Guwahati and should be relived immediately with admissible TA/DA and joining time. With reference to the Orders the individual has been relieved on 16 October, 2012.

The applicant is under All India Service liability and the applicant was transferred to Guwahati wrt option of his choice stations which was obtained while forwarding seniority lists to the HQrs. office.

With reference to the Original Application the respondents respectfully submit that the applicant has never applied leave on Medical grounds and there are no Medical Bills etc to confirm his ailment. However, in the instant case the applicant has produced medical certificates after receiving his relieving orders. His representation dated 17th Oct 2012 is enclosed wherein Medical Certificated dated 16 Oct, 2012 was attached.

It is further submitted that HQrs. has issued transfer orders to 15 senior staff members of the office. Further, it is stated that, all the affected staff were relieved on 16th Oct 2012 except one staff member. The lady staff member was retained as she gave a representation to retain her till December 2012 prior to receipt of HQrs. Orders notifying transfers on seniority and the same was considered by the competent authority relieving her.

PRAYER:

In view of the aforesaid facts and submission, the OA is devoid of merit and is based on untenable grounds and hence is liable to be dismissed with cost. It is prayed accordingly.

THROUGH

RESPONDENT

GOVT. COUNSEL

Station: Chandigarh

Dated 2011

VERIFICATION

Verification at Chandigarh on this..... Day of 2011 that the contents of the Written Statement are true and correct to the best of my knowledge and the remaining is believe to be correct as per legal advice received. I have not suppressed any material facts.

Dated: 2011

Place: Chandigarh

Dy. Controller of Defence Accounts(AN)
FOR RESPONDENTS

SPECIAL COUNSEL FOR THE RESPONDENTS

3

Office of the PCDA XXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXX

Accounts Section Cir. No. 01/11

Dated 7th December, 2011

Sub: Compilation of Air Transportation Charges of Personnel to Code Head 01/254/01

It has been instructed by DGOL & SM G'S Br. MOD(Army) vide their letter No. 5354CCAC/ALLOT/ADG Mov.(Budget) dt. 30/03/2012 and instructions by HQrs. Office, the expenditure on Air Travel of Personnel on TD/Posting etc. by Air should be booked to Code Head 01/254/01 instead of to 01/250/01 to 01/250/06 as was being done earlier.

It may be ensured that the expenditure on Account of move of service Officers/Personnel on TD/Posting etc. By Air for the FY year 2012-13 is enclosed, for guidelines and strict compliance.

Sd-
(XXXX)
Sr. Accounts Officer

Original in: Air Transportation File -

For necessary action and having control over expenditure on account of service officers/Pers on TD/Posting etc. by Air compiled to code head 254/01 vis-a-vis allotment through the system w.e.f. 1st April, 2012

(30/11/12)

Ans. 3

Office Note

No.....

Controller of Defence Accounts

ABC Place

Date....

Sub: Compilation of Air Transportation Charges of Personnel to Code Head 01/254/01

Accounts Section's Circular No.1 dated Dec 2011 regarding Compilation of Air Transportation Charges of Personnel to Code Head 01/254/01 is placed below.

As per the directions given by HQ office expenditure on account of air transportation charges of personnel on duty is required to be compiled to code head 01/254/01. However the code head 01/254/01 is not being operated by this office and the expenditure towards air travel on temporary duty and permanent duty is booked to code head 01/250/01 and 01/250/05 respectively. The above requirement of booking the airfare separately is also not catered for in the T Wing bill processing system. In this context the suggestions are proposed:-

- (i) Bill processing system will suitably modifies to compile the airfare on duty to code head 01/254/01 from the financial year 2012-13.
- (ii) For the current financial year, HQrs. office will be requested to consider inflating the allotment for temporary duty and permanent duty by a certain percentage of allotment assigned for air travel. (Say 70% of the allotment under 01/254/01) to temporary duty and 30% to permanent duty).
- (iii) Alternatively we may transfer 10% of the amount booked to permanent duty (Code head 01/250/05) and 35% of the amount booked to temporary duty (code head 01/250/01) for the year 2011-12 to code head 01/254/01 and the actual booking of airfare to code head 01/254/01 will be done in the next financial year after modification of the system.

Submitted for orders please.

AAO(T)

SAO(T Coord)

Wing Officer (T)

Addl. CDA

PCDA

4

During the internal inspection carried but by the Technical Section of a Functional Controller office, some serious travel irregularities have been brought out.

- (i) Agents are issuing manipulated air tickets to Army Officers and they are operating under the caption "DEL/13", "DEL/14 and now some tickets are issued by agency as "NACL Indian Airliles" " Indian Airlines" and not by Air India or IATA approved Travel Agent.
- (ii) The airfare as confirmed by Air India for the ticket for journey is far less than that shown int he ticket.
- (iii) The ticket is not in the proper format and appears to be typed locally.
- (iv) The fare does not match with the availabe on the Air India website.
- (v) Agent is using a certificate " CDA authorized"
- (vi) Ticket has been issued on 16.02.2010 for a journey for 21.02.2010 whereas the officer has drawn advance two months before the date of journey. In some cases tickets have been issued/generated after the date of journey.

Draft a Confidential DO letter from the PCDA to IHQ MoD(Army) drawing their attention to these serious travel irregularities and requesting them to take steps to plug he loopholes and make a detail enquiry into these cases.

(35 Marks)

Ans. 4

CONFIDENTIAL

No.XX/XX/Vol-X
Dated.00/00/0000

I take this opportunity to bring to your notice serious Travel irregularities that we have come across over a period of time.

- 2 Prima-facie some "agents" are issuing manipulated Air Tickets to Army Officers. Initially these agents were operating under the caption "DEL/12". Once my office questioned the authenticity of the tickets, the caption has been changed to DEL/13, DEL/14 and now tickets are issued by this agency as "NACIL Indian Airlines" " Indian Airlines" etc.
- 3 A comprehensive review of the tickets issued through this agency reveals the following grey areas and anomalies:
 - (a) Fare as confirmed by MoCA/Air India for the ticket for a journey is far less than that shown in the ticket resulting in substantial cash loss to State. Refer Annexure B Serial No. (a), (b) and (c)
 - (b) In some tickets it is mentioned as issued by " NACIL Indian Airlines" & not by Air India or IATA approved Travel agent. For eg. The source of tickets for 253 student officers each for IDT during 65th staff course at DSSC wellington appears to be doubtful. The amount actually paid to Air India needs to be examined. Refer Annexure C Sl. No. (a) and (b).
 - (c) The ticket appears to be typed locally. The ticket is not in proper format of Air India or other IATA approved Travel agents. Copies of tickets enclosed. Refer Annexure-A above.
 - (d) The fare break up does not match with that available on Air India website. Refer Annexure-A above.
 - (e) In some cases the fare is more than the "Y" class fare available in Air India Excel fare list. Refer Annexure-D.
 - (g) Ticket has been issued on 16.02.2010 for a journey for 21.02.2011. Ticket has been issued/generated (i.e. Date of issue) after the date of journey. Refer Annexure F and E Sl. No. (a), (b) and (c)
 - (h) Officers submitting two sets of tickets; one coupon ticket and another from the "Agent" where the ticket No. and fare differs. Refer Annexure G.
 - (i) "Agent" is using a certificate " CDA authorized " without any atuhority from this office and hence illegal. Refer Annexure -H.

- (j) Although officers have drawn advance 2 months before the date of journey ticket booked from the agent on the day of journey or one day before the journey. Refer Annexure-I
- (k) Another illustrative list of tickets purchased from authorized/unknown agencies are furnished in Annexure J and J1. It may please be seen that the fare is exorbitant whereas actual fare paid to Air India is to be ascertained from Air India/MoCA.
- 4 Clearly the system is being subverted for illegal gains and I strongly urge you to take steps to plug the loopholes and set in motion a detailed enquiry into these cases.

IHQ MoD(Army)
DHQ PO,
New Delhi- 110011

- 5 In a CDA's office, it is observed that sections are not paying adequate attention for clearance of emails. Non-reply to a mails is resulting in great resentment among Army Officers and inviting adverse comments from higher ups.

Please draft a circular from GO(TA) to all officials of the TA Section directing that the e-mails be cleared immediately and that due care should be taken to clear all e-mails on a day to day basis.

(35 Marks)

Ans.

Wing Circular

Circular No.

Dated: Aug, 2011

Sub: Clearance of email

A list of outstanding emails of T Wing sections is enclosed.

- 2 It is observed that sections are not paying adequate attention for clearance of emails, which is one of the main communication systems between the officer and this office. Non-reply to emails is resulting in great resentment among Army Officers and inviting adverse comments from higher - ups.
- 3 In this context a proposal has been submitted to PCDA to consider a one time clearance of outstanding emails up to 31.07.2011 and the decision will be communicated to sections in due course.
 - 4.1 As per the statistics on an average two emails are received by each task-holders and hence the same can be cleared on a day - to - day basis. AAOs will personally monitor the clearance.
 - 4.2 Reply furnished to the emails should be short and precise. For egs.

" Claim already admitted and credited in the IRLA will be credited in the IRLA for
Month/cheque issued on....

"Claim returned being not admissible/for want of documents"

" For details of disallowance please refer to intimation memo No.... Copy of memo by post"

"Duplicate email. Reply already furnished".

"Reply sent by post"

"Quarries raised are not clear"

"Claims not received in the office"

"Enclosures not received. Please forward"

"In case of non-credit of amount in bank account- Please forward NPC from bank"

4.3 emails seeking clarifications on various entitlements, replies may be sent by post after approval by WO. In such cases reply to email may be provided 'Replied by post'

4.4 email utility is basically defined for ascertaining status of claims. Hence email containing voluminous query/clarification on disallowance of claim may be dealt with manually and for the clearance of email a reply 'Replied by post' may be provided.

- 5 It may please be noted that the clearance of email will be reported to Addl. CDA and PCDA by the WO on a day-to-day basis and hence any lapse on the part of the task-holder/AO will be viewed seriously.

Original with T/SS/014

XXXX
WO(T Coord)

Copy to:

1. All SAOs/AOs/AOs in T Wing
2. Guard File

- 6 The IDAS(P) of 2009 batch proceeded on attachment to RTC Kolkata, PCDA(P) Allahabad and CENTRAD, Delhi from Pune w.e.f. 17.01.2010 to 03.04.2010 respectively as published vide Part-II OO NO. 112 dated 6th Nov. 2009.

Subsequently the IDAS (P) officers were relieved from CENTRAD Delhi with direction to report for duty in their new officers of posting as notified vide HQrs. letter No. AN-1/1170/1LXU dated 03.04.2010. Two of the IDAS(P) officers were posted to Pune, and reported to their respective offices.

Please draft a letter from GO(AN) to Hqrs. office seeking clarification as to the grant of composite transfer grant to the IDAS(P) officers transferred to Pune.

S.R. 59 - The headquarters of a Government servant shall be in such place as a Competent Authority may prescribe.

S.R.164- When a Government servant or student not already in Govt. Services is selected to undergo a course of training, a competent authority may decide the scale, if any, which he shall draw:

- (a) travelling allowance for the original journey to and the last journey from the place of training and for halts at such places;
- (b) in the case of training at a school, college or similar institution, travelling allowance for similar journeys on the occasion of holidays and vacations; and
- (c) traveling allowance for journeys, during the course of training:

Provided that the scale so fixed shall not exceed that admissible to Government servants of similar status on duty at the place of training.

Ans. 6

(35 Marks)

No. AN/G/Pers
Office of the CDA
618, Anna Salai,
Teynampet,
Chennai- 600018

To

The CGDA
Admin-I
O/o the CGDA
Ulan Batar Road,
Palam, Delhi Cantt-10

Sub: Posting of IDAS Probationer of 2009 batch on completion of the Departmental Training.

Ref: HQrs. office letter No. AN-1/1170/LXU dated 03.04.2010

The IDAS(P) of 2009 batch had proceeded on attachment to RTC Kolkata, PCDA(P) Allahabad and CENTRAD from 17.01.2010 to 03.04.2010 respectively as published vide Part-II OO no. 112 dated 6th Nov, 2009.

Subsequently the IDAS(P) officers were relieved from CENTRAD Delhi with direction to report for duty in their offices of posting as notified vide HQrs. letter no cited reference.

Normally, the headquarters of a Govt. Servant deputed for training either in India or abroad continues to be at the place from where he proceeds for training unless under the provision of SR 59, the competent authority changes his headquarters during the training period for the purpose of travelling allowance on tour. If no change of headquarters is effected in respect of those who are deputed for training in India, the trainees are treated as on tour from their original headquarters and are sanctioned travelling allowances as on tour by the competent authority under SR 164.

Hence it is requested to kindly confirm the amount of composite transfer grant admissible to the two IDAS(P) officers who have been posted to Pune i.e. whether the officers are entitled for full one months basic pay plus grade pay or one third of the basic pay plus grade pay.

ACDA(AN)

Copy to
The Jt. CDA(Trg)
CENTRAD- CGDA
Brar Square, Delhi Cantt-10 : For information

ACDA(AN)

DEFENCE ACCOUNTS DEPARTMENT
S.A.S. EXAMINATION-PART-II
SEPTEMBER, 2013
PAPER IX - THEORY PORTION

SUBJECT: FUNDAMENTALS OF ELECTRONIC DATA PROCESSING

Time Allowed: 1½ Hours

Max. Marks: 60

Notes

- 1 This is a qualifying paper only. Marks secured in this paper will neither be counted in the aggregate marks nor will be added in total marks secured in other papers. The paper has two parts- Theory portion and Practical portion.
- 2 Candidates are to answer 6 questions out of 8 questions from this portion. Each question will carry 10 marks. All answer should be specific and concise.
- 3 Question Paper for Practical portion is separate. However, while computing marks for the paper, the marks obtained in Theory portion shall be combined together.
- 4 Candidates are to secure 24 marks to qualify from this portion.

(Each question carries 10 marks)

- 1 Distinguish between:
- (a) Digital Computer and Analog Computer
 - (b) Data and information

(2x5= 10 Marks)

Ans. (a) Digital process data that is represented in form of discrete values e.g. 0,1,2,3 by operating on it is steps. Discrete values occur at each step in the operation. For instance, when we count on our fingers, we carry out the simplest digital operation one can speak of. Digital computers process similar numeric data at a much larger scale. They are the computers we are normally using in our day to day life. Analog computers on the other hand are akin to measuring instruments such as thermometers and voltmeters with pointers on circular dials. They process data in the form of electronic voltages, which are variable like the variable positions of a pointer on a dial. The output from analog computers is often in the form of smooth graphs from which information can be read.

(Source: Data Processing and Information Technology by CS French, Para 1.19)

- (b) Data is the term used to describe basic facts the activities of a business. Examples are : the number of hours worked by an employee on a particular machine; his or her rate of pay; the amount and type of materials consumed in a particular process; the number of tons of finished product produced in a day or a week.

Information is obtained by assembling items of data into a meaningful form. E.g. a payroll, an invoice, a financial statement or an efficiency report. Information can range from a simple report about routine operations up to a report required by top management to make strategic decisions.

(Source: Data Processing and Information Technology by CS French, Para 1.6)

- 2 What is meant by ?
- (a) Word Processor
 - (b) Computer Graphics

(2x5= 10 Marks)

Ans.

A word processor is a program(software) or a set of programs that enables us to write, edit, format and print text. As we type on the screen, the words appear on the screen for us to see. Mistakes can be corrected as the text has not yet been put on paper. Words, sentences and entire paragraphs can be moved by special commands. Nothing is printed till we are satisfied with the results. Word processor and the hardware provide a convenient way to display, store, edit and recall the work done.

Word processing is resorted to for the following two purposes

- * Text editing (entering and manipulating text)
- * Print formatting (telling the printer how to format the printed copy)

(Source: IT Tools and Applications by V.K.Jain, Chapter 11, Para 11.1)

- (b) Computer Graphics deals with generation, representation, manipulation and display of pictures with a computer. Graphics is an important component of multimedia because a picture is a powerful way to illustrate information. For example, in a multimedia application for educating small children, display photographs of a horse along with its textual description, makes illustration much more effective. Without the photograph, it will be very difficult to explain using text only, how a horse looks like. Similarly, displaying photograph of an employee with his/her name address, sex, age etc. from a company's database of employees makes the employee information much more effective.

(Source: Computer Fundamentals by Pradeep K. Sinha and Priti Sinha, Chapter 19 Para titled 'Graphics')

3 With examples, explain the following

- (a) Input device
- (b) Output device
- (c) Storage device

(3.5+3.5+3= 10 Marks)

Ans.

- (a) Input devices pass input information to the computer. The input information may be programs or program related, or it may be data. Examples are keyboard and mouse
- (b) Output device send the information from the computer to the outside so that we can use it. Examples are monitor, printer or LED display
- (c) Storage device stores or holds information for the computer to process. Examples are Hard disk drive, floppy drive, RAM, Cache etc.

(Source: IT Tools and Applications by V.K. Jain, Chapter 1, Para 1.2, 1.3 and 1.5)

4 Explain what you understand by CPU ?

(10 Marks)

Ans.

CPU stands for Central Processing Unit. It is the area of the computer which does the processing i.e. Conversion of input to output. It is thus the nerve centre of the computer. It performs the central control functions. All the computational, logical and operational decisions are made her. It contains the logical circuitry for performing the various computational activities. It controls the operation of all the functions units. It fetches the machine instructions from memor, decodes these instructions and insures that the operations called for by the instructions are executed correctly. In order to do all this, it communicates or interfaces with the input and the output devices.

The CPU is responsible for all events inside the computer. It controls all internal and external devices, performs arithmetic and logic operations. CPU thus consists for the control unit and the arithmetic and logical unit (ALU). Sometimes CPU is also taken to include the main storage unit.

5 Write what you understand by the following:

- (a) WWW
- (b) Browser

2x5=10 Marks

- Ans.**
- (a) WWW stands for world wide web. It is the most popular and promising method of accessing the internet. Its reason for popularity is that it uses the concept of hypertext.
 - (b) To be used as a client for the World Wide Web, a computer needs to be loaded with a special software tool known as browser. It enables a user to visit a server computer's site directly and access information on it by specifying its internet address(URL). Browsers also enable a user to create and maintain a personal list of favourite internet addresses. Browsers also enable to download information in various forms.

Source: Computer Fundamentals by Pradeep K. Sinha and Priti Sinha, Chapter 18 Paras titled

6 What are the following commands used for in DOS?

- (a) Dir
- (b) Cd
- (c) Del
- (d) Copy

(4x2.5= 10 Marks)

- Ans.**
- (a) Dir- It displays the files that are on the disk. It helps find out which programs and data files are located on a disk.
 - (b) Cd stands for change directory. It enables to shift from one directory to another. E.g. Cd dos will shift from currently used directory to a directory named dos
 - (c) Del is used to delete a file or a group of files. E.g. del test.doc will delete the file named test. Doc.
 - (d) Copy is used to copy a file or a group of files. It is used in the format copy source destination where source specifies the location and name of file which is to be copied and destination specifies the location to which it is to be copied.

7 What is an operating system? What are its main functions?

(10 Marks)

- Ans.**
- Operating system is an integrated set of programs that controls the resources of a computer system and provides that users with an interface or virtual machine that is easier to use than the bare machine. They make a computer system easier to use by hiding details of hardware resources from programmers and provide them with a convenient interface for using a computer system. It acts as an intermediary between the hardware and its users, providing a high-level interface to low level hardware resources, and making it easier for programmers and others to use those resources. An operating system manages all the resources of a computer system. This involves performing such tasks as keeping track of who is using what resources, granting resource requests, accounting for resource usage and mediating conflicting requests from different programs and users. Efficient and fair sharing of system resources among users and /or programs is a key goal of all operating systems.

The main functions of an operating system are as below:

- (i) Process management: - Process management module takes care of creation and deletion of processes, scheduling of system resources to different processes requesting them, and providing mechanisms for synchronization and communication among processes.
- (ii) Memory management: memory management module takes care of allocation and deallocation of memory space to programs in need of this resource.

(iii) File management: File management module takes care of file-related activities such as organization, storage, retrieval naming, sharing and protection of files.

(iv) Security: Security module protects the resources and information of a computer system against destruction and unauthorized access.

(v) Command interpretation: - command interpretation module takes care of interpreting user commands, and directing system resources to process the commands. With this mode of interaction with a system, users are not much concerned about hardware details of the system.

8

Write what the following are used for in Windows:

- (a) Minimize button
- (b) Recycle bin
- (c) Menu bar
- (d) My computer icon

(4x2.5 = 10 Marks)

Ans.

- (a) Minimize button reduces a window to an icon.
- (b) Files deleted from the computer are moved to the recycle bin where they are temporary stored before being emptied.
- (c) Menu bar contains the name of available menus in a window e.g. File, Edit, View etc.
- (d) My computer icon shows the hard disk drives, removable media, CD drive, floppy drive etc. available on the computer.

(Source: IT Tools and Applications by V.K. Jain, Chapter-9)