

Q. No.	Question	Mark	Answer	Auth.
1 (a)	Monitoring, Control and Compilation of MES Expenditure is done through which Accounts? Define them.	3	Monitoring, control and compilation of MES Expenditure is done through Construction Accounts and Financial Accounts. 521. For the purpose of progressing and controlling expenditure under the various heads of account operated by the M.E.S., and the compilation, of receipts, two accounts are required to be maintained: – (a) A Construction Account which will exhibit in detail the expenditure and liabilities incurred on specific items or services or groups of services, including charges for services rendered by other Arms or Services or by civil agencies. This is maintained by the M.E.S. (b) A Financial Account which can be interlocked with the Construction Account and will record accurately the receipts and charges summarised and classified under the prescribed budget heads of accounts. This is prepared by the Officer-in-Charge, E.D.P. Centre for submission to the G of I <u>from punching media submitted by AAOGEs and schedules received from CsDA.</u>	MESR Chapter – VII Works Accounts Section 27- General General Rules 521
1(b) (i)	The amount remitted by private individuals for rent and allied charges directly into the Treasury will be brought to the correct Head of Account through which type of Accounting process?	3	This is done through Transfer Entries. 527. Transfer entries are intended to transfer an item of receipt or expenditure from the accounts of a work in progress, or from one budget head, to the accounts of another work or budget head. They are necessary in order (e) to bring to account certain classes of transactions which do not pass through the Cash Book, such as : – (i) Treasury receipts received from private individuals in connection with payments made directly into the treasury and payments to or receipts from other departments, etc. which do not appear in the Cash Book.	527 (e) (i)
(ii)	The CWE, on his own, authorized the GE to operate an Imprest of Rs 7,500/=. Is it in Order?	2	Though the limit of the Imprest is in Order, the CWE does not have the authority to permit the Imprest without consultation with the CDA. <i>Imprest</i> 536. For effecting payments of a petty and urgent nature, MES officer holding cash assignment may be allowed in consultation with the CDA an imprest up to a limit of Rs 10,000.00	RMES 536 & DWP 62(b)
(iii)	How will this Imprest be drawn and accounted for?	2	536. The amount will be drawn by the officers from their respective cash assignments and recouped as and when necessary. 62 (b) However, to enable petty payments being made, CsWE, GEs and AEEs/AEs holding cash assignments may be also allowed an imprest up to a limit of Rs. 10,000. In case of	RMES 536 DWP XXIX 62(b) Imprest and Assignments

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			works carried out in remote locations or under Para 55 above, this limit of imprest amount to be provided with a CWE/GE may be further enhanced. The imprest will be authorised in consultation with the CsDA concerned by CsWE in the case of GEs and Rpp5/AEs and by CE in respect of CsWE. The amount of imprest will be drawn from Cash assignment and accounted for initially under the Suspense Head "Departmental Account Military Cash Balance, which should be cleared at the end of the financial year, the balance being deposited into the Treasury or authorized bank as the case may be. The amounts drawn from the imprest for payment will, however, be recouped as and when necessary and charged to the Service Head till the end of the financial Year.	
2(a)	What is a "GO-AHEAD" Sanction?	3	GOC-in-C can issue this only in concurrence with the IFA. In determining the CFA for works including both authorized and special items of work, Adm Approval shall be issue with the concurrence of the CFA under whose powers the Special items fall. Powers of the CFA at various levels for accepting the necessity and according Administrative Approval for various types of works with or without financial concurrence are indicated in Appendix 'D'. GOC-in-C (Without IFA) - Authorised Wks 75 L, Special Wks 7 L GOC-in-C (With IFA) - Authorised Wks 300 L, Special Wks 30 L	DWP Para XV(26) Appx D Note 3
2 (b)	Are the following in order? Support with appropriate authority.			
i	The GOC-in-C accords Acceptance and Adm Approval for Rs 70.00 Lakhs Authorised work and 12 Lakhs Special Work.	2.5	GOC-in-C can issue this only in concurrence with the IFA. In determining the CFA for works including both authorized and special items of work, Adm Approval shall be issue with the concurrence of the CFA under whose powers the Special items fall. Powers of the CFA at various levels for accepting the necessity and according Administrative Approval for various types of works with or without financial concurrence are indicated in Appendix 'D'. GOC-in-C (Without IFA) - Authorised Wks 75 L, Special Wks 7 L GOC-in-C (With IFA) - Authorised Wks 300 L, Special Wks 30 L	DWP Para XV(26) Appx D Note 3

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ii	The Competent Authority issues a Go-Ahead Sanction for a cost of Rs 24.00 Lakhs for site clearance and external services for an urgent project of Appx cost of 2.00 Crores.	2.5	This is not in order because the 'Go-Ahead' sanction should not exceed 20% of the rough cost estimate for the entire project made by the Engineer authorities. The percentage will not include the cost of acquisition of land required for the project.	DWP Para XIV 34(b) Pg 28
iii	An "Urgent work" is entrusted to the CE. He procures Cement and Steel from the open market. Is it in order?	2	Yes it is in order. CE can exercise special powers in connection with planning and execution of Urgent Works as defined under Paras 31(d), 34-36.	DWP Para XV Special powers for Engineers 38 (viii)
3 (a)	For Works Projects requiring the AON & Adm Approval for the MOD, special procedures are prescribed. Name the categories of such works.	3	In the case of works projects requiring the acceptance of necessity and administrative approval at the level of MoD, the special procedures outlined in Paras 56 to 60 below may be adopted for works of the following categories : (a) Strategic importance (b) High Tech Complexity (c) Urgent necessity	DWP XXVII 55 Procedure for Special Projects
3(b) (i)	The Adm Approval for a work @Rs 5.9 Crs in Guwahati was awarded on 8 th June, 2011. The Contractor sought to commence work on 3rd August, 2012. The CDA insisted that a fresh Adm Approval should be obtained. Comment.	3	This will require only a Revised Adm Approval, as the work is commencing after 12 months but before 5 years of the original Approval. 31 (c) Delay in commencement of the works beyond 12 months would necessitate a Revised Administrative Approval. 142. If an approved work is not commenced within five years of the date of administrative approval, fresh approval must be obtained.	DWP XII Adm Approval 31(c) & RMES 142
(ii)	A Project was accorded Adm Approval for Rs 63.00 Lakhs. The scope of the work was reduced due to administrative reasons and the Contract for the same was accepted at Rs 45.00 Lakhs. The CDA insisted that a fresh Adm Approval should be obtained. Comment.	4	Revised Adm Approval is not necessary. When the scope of the work is reduced for administrative or other reasons, the total approved amount will be reduced proportionately by the concerned engineer authority within whose powers the Technical sanction falls. Details of the reduction will be sent to the CFA, CDA and others concerned.	DWP XXIV 51
4 (a)	What is the basis of recovery of Licence Fee? How are Licence Fee bills for various categories of Officers/persons conveyed to them?	3	Occupation returns (para 631) form the basis for recovery of Licence Fee. When no occupation return is received, the Licence Fee bill will be prepared on the basis of the corresponding entries for the previous month. Licence Fee bills in respect of Service officers will be prepared on IAFW-2241A and sent to the CDA(O) In all other cases bills will be prepared	RMES 692, 693 Section 41

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			on IAFW- 2241, and, where the occupants are in Government service, sent to the Pay Accounts officers, Defence or Civil as the case may be, with copies to the formations concerned. Licence Fee bills in respect of persons not in Government service will be sent through the appropriate MES office either to the allotting authorities for recovery or to the individuals concerned where they pay to the MES direct.	
4 (b) (i)	An accommodation in the frontier area is declared as "Frontier Hutted Accommodation. Comment	2	In certain Stations, ports and forts in frontier areas, the single accommodations available are not of the specifications which they are required to be in ordinary Stations elsewhere, due to constraints of space, comforts and amenities. In such cases these accommodations will be inspected by the Station Board and declared as "Frontier Hutted Accommodation after acceptance by the Area commander.	Q&RP Para 9 q
(ii)	An Officiating incumbent is occupying the Reserved Accommodation during the leave/furlough period of the permanent incumbent. Full rent is recovered from the permanent incumbent. Comment.	2	This is done correctly. In such circumstances, the permanent incumbent will still be responsible to the GOI for the full rent of the quarters. But he will be credited with recoveries if any made from the temporary occupant.	Q&RP Para 10 (a) (iii)
(iii)	An Officer is posted to Operational Area. He moves his family from old duty Station to a selected place after 4 months of posting and also avails concession of free conveyance. Comment.	3	This is admissible as Field Service concession to Army personnel in Operational Areas – option to retain family accommodation at old duty station or move the family to selected place. The option can be exercised within two months of the posting to Field area. The concession for free conveyance to selected place can also be exercised within 6 months of the posting.	Q&RP Chap 6 VII MOD A/25761/ AG/PS3(b)/146- S/2/D(pa y/Service) dated 2- 3-68
5(a)	Name the Registers maintained by the UABSO/AOBSO. What is the relevance of "Register of Buildings" in this regard?	3	The A.A.O. attached to the Barrack/Stores Officer will maintain the following ledgers etc.: (i) Revenue ledger. (ii) Licence fee bills numbering register. The A.A.O. B.S.O. will ensure that the Revenue ledgers maintained by him are complete in all respect and for this purpose the "Register of Buildings for which Licence Fee is leviable" maintained by the BSO should be compared with the Revenue ledger whenever found necessary.	UAM 172,173 Pg 93
5 (b)	Comment on the following :			
i	UA BSO imposed Licence Fee on Squash Raquet Courts constructed for use by the Cadets at MCEME.	2	This is not in order. The Squash racquet courts which have been constructed by the Government establishments for cadets, maybe used free of licence fee by the cadets.	UAM 174 Note below

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ii	On completion of work, the Surplus stores were not returned by the Contractor. The same Contractor competed for another tender by the CE. Comment.	2	The Chief Engineer should have either suspended the contractor from further tendering or removed him from the approved list. A contractor, who fails to return the surplus stores but retains them for his own use or disposes them of to his personal gain, becomes liable to be prosecuted for embezzlement. It will be seen in audit that action on these lines has been taken by the MES authorities.	UAM Section 15 Check of Bills Note 2 Para 121 Pg 55
iii	A Contractors Ledger is a detailed account of the all the Contracts which are entered into with the Contractor and debits are posted as soon as the bills are raised. True or false ?	2	False. The Contractors' ledger is a running account with each contractor in respect of each contract, showing the amounts due by him for advances made and materials supplied to him etc. and due to him for work done/material supplied/services rendered, etc. and is closed and balanced monthly. Debit entries in the ledger are made from passed bills and Vrs. numbers quoted as soon as payments have been made. The value of materials, if any, issued to a contractor, is also debited to his account - on the authority of his acknowledgement.	UAM Para 294 Section 27
6 (a)	What conditions should be necessarily satisfied before expenditure is incurred on Works Services.	3	Before expenditure is incurred or works Services, the following conditions should necessarily be fulfilled except as otherwise provided for in the Regulation for the M.E.S. (a) Necessity for the work has been accepted by the competent authority. (b) Administrative approval has been accorded by the authority competent to do so. (c) Technical sanction of the competent engineering authority has been obtained. (d) Allotment of funds has been made.	UAM Chap II 34 Section 4 Introductory
6 (b)	Comment on the following			
i	The CE exempted a reliable Contractor of the unlimited class from depositing Earnest Money and Security Deposit at his level.	2	Prior concurrence of the E-in-C is required. Standard Security Bond or the Earnest money and Security Deposit are mandatory but in exceptional cases, Chief Engineers are authorized to exempt specialist firms and other reliable Contractors of the unlimited class from depositing either Earnest Money or Security Deposit. Such discretion will, however be exercised with the prior concurrence of the E-in-C.	OM VIII Chap IV 24 (iv)
ii	Demolition and rebuilding of a building over existing foundation was done as a special repair.	2	This is not in order. The works involving the demolition of buildings and rebuilding them over existing foundations either to existing or improved specifications are treated as original works and not as normal / special repairs.	OM VIII 24 (xxxi) Para 5 DWP 126 MESR


Q. No.	Question	Mark	Answer	Auth.
iii	What should these documents include and what action will be taken on them in the CDA's Office?	3	<p>These documents will, on receipt, be checked by the Contract Group of 'E' Section and duplicate copies thereof will be returned to the AO MES for information concerned duly "scrutinized and attested" over the signature of the officer-in-charge.</p> <p>The original copies of contract documents will be recorded in files</p> <p>which will be bound as early as possible.</p>	OM VIII Chapter IV 23
7 (a)	When are payments against Bills in "E" Section treated as provisional? How are they watched?	3	<p>Bills submitted to the PCDA/ CDA's office must be audited before</p> <p>payment thereof is authorized. Controllers cannot authorize any "Provisional" payment, where there is no authority.</p> <p>However, there are cases where, on account of lack of documentation or lack of time for the verification of particulars or for the completion of all audit requirements, a final payment cannot be made to the parties concerned, whether Government employees or third parties. In such cases, the amount which is clearly payable can be paid to the parties. The payments so made are also to be treated as provisional payments.</p>	OM VIII Chapter V 45
7 (b) (i)	In case of a dispute on the amount due to him, a Contractor refuses to submit his Final Bill. What action devolves on the "E" Section?	2	<p>When a contractor refuses or neglects to submit his final bill for a contract, or to sign the bill prepared by the MES as a result of such refusal or neglect, a note will be entered to that effect on the bill and the sum due to the contractor debited to the work concerned and credited to Head "T Deposit and Advances – Sub – head Miscellaneous Deposits".</p> <p>If, however, the final audited bill of the contractor shows that he has already been overpaid, the amount of over payment will be adjusted by debit to Sub-Head MES Advances and the MES authorities will be asked to initiate action immediately to recover the overpayment.</p>	OM VIII 63 (i) (b)
7 (b) (ii)	The SAO "E" Section orders a complete check in the Bill of a particular work. Comment.	2	<p>Arithmetical check of calculations in works Bills and Requisitions is done upto a total of 10% of the gross amount shown in a bill..... Notwithstanding the above, however, the Officer-In-Charge 'E' Section will have discretion to increase the prescribed percentage or order a complete check in works bills and requisitions if he considers that such a course is necessary owing to the number and nature of errors found in the course of audit.</p>	OM VIII 60

Q. No.	Question	Mark	Answer	Auth.
7 (b) (iii)	A Controller has used his personal discretion to authorize Provisional Payment in the absence of allotment under Charged Expenditure. Comment.	1.5	<p>The CGDA vide CGDA No. A /Charged Expe /III/11909 Dated 29/9/2000, has authorized the CsDA to use their personal discretion to authorize Provisional Payments in the absence of allotment under charged expenditure in order to avoid "contempt" of Courts.</p> <p>They should also pursue the Command HQs for release of funds under "Charged" in the same year as provisional payments have been released.</p>	<p>OM VIII</p> <p>CGDA No. A /Charged Expe /III/11909 Dated 29/9/2000</p>
8 (a)	"E" Section scrutinizes amendments to MES Contracts. In what form can these amendments be made and how are they included in the Original Contract?	3	Amendments to the Contract Agreements are also required to be scrutinized by the Contract Group of 'E' Section. These amendments should be made in the form of an annexure and not in the form of a correction to the original contract. These annexures will be page numbered in continuation of the original numbering in the Contract Agreement and additions noted on page 1. After scrutiny etc., these will be appended to the relevant contract.	<p>OM VIII 27</p> <p>Para 104 (d) E-in-C's Standing Orders</p>
8 (b) (i)	The amendment of a Contract accepted by the GE within his powers results in enhancing the value beyond his powers. What should be included in the formal amendment?	3	The formal amendment should include not only the subject matter giving rise to the amendment, but also an additional statement to the effect that the contract as now amended will be deemed to have been accepted by the officer, defined by stating his appointment, who has the authority to accept contract for the total increased amount.	OM VIII 30 (iii)
(ii)	What are the audit checks to be exercised by the "E" Section for amendments involving enhancement of Contract rates?	4	In the case of amendments involving enhancement of contract rates it will be seen that the reason advanced for the enhancement are justifiable and amendments have been noted in a register to be maintained for the purpose of preparation of Statement 'D' of Annual Review of Works Expenditure.	OM VIII 31

Section II

‘A’ (Army)

Q. No.	Question	Mark	Answer	Auth.
1 (a)	A Court of Inquiry is required for investigation of which type of losses.	3	A Court of Inquiry shall be invariably be held to investigate the loss in following cases: All losses which require the sanction of Govt to write off. Losses due to inaccuracies in previous stock taking Losses of Arms, ammunition and Explosives Losses due to theft, fraud, neglect, fire or any unusual occurrence.	SAI Chapter VI 241
1 (b)	Are loss statements required to be prepared in the following circumstances?	1.5		
i	Ammunition/explosives are declared as unserviceable as they had reached their prescribed age.	1.5	No	SAI 254 (g)
ii	Losses due to transfer of Medical Stores from one section to another.	2	No	SAI 254 (z)
iii	Ordnance Stores are found to be unfit for issue owing to deterioration due to faulty storage.	2	Yes	SAI 254 (t)
iv	Wastage/degradation of timber by 5% while undergoing seasoning.		No	SAI 254 (y)
2 (a)	Ordnance Depots are responsible for supply of AOC Stores to Military Units and formations. Mention the various types of issues that they can make.	4	Free Issue of Stores Stores on Loan Stores on hire Payment Issue Stores	SAI Chapter II 19, 20, 26, 27, 30.
2 (b)	Comment on the following with appropriate authorities:			
i	AOC Secunderabad dispatched Stores on Jan 1 st , 2013, to a Unit in Tirupati where it was received on 3 rd Jan, 2013. The Stores were dispatched back on 6 th July, 2013 and were received in AOC Sec'bad on 9 th July, 2013. The loan period was calculated as 1 st Jan 2013 to 9 th July 2013. Comment	2	Valuation of Stores on Loan. Loan period will commence from the date of dispatch of Stores from the Depot till the date of dispatch of Stores from the Unit. The loan period should be counted from 1 st Jan to 6 th July 2013.	SAI Chapter II 29

Q. No.	Question	Mark	Answer	Auth.
ii	The above Stores, when returned in July 2013, were taken back on charge under the "Stores on Loan" procedure. Is this in order?	2	Since the Stores were not returned within 6 months from the date of issue, they will be charged as a payment issue and the latest prevalent rates will be applied.	SAI Chapter II 29
iii	Stores were issued to a Technical Development Establishment after preparing "Issue Vouchers" as per procedure under Appx "I" SAI.	2	Will be treated as a loan.	SAI 32 (d)
3 (a)	What do you know about the Defence Head Quarter Journal?	3	With the sanction of the Govt, the CAO MOD publishes a DHQ Journal. The no. of copies actually printed are taken on charge duly supported with receipt vouchers. Free and paid issues are struck off with CIVs. Charges for Ads fixed in consultation with CDA/PCDA are recovered and credited to the Government unsold copies are disposed as waste.	SAI 181 (b)
3 (b) i	At Embarkation Depot Chennai, the consolidated list of the Stores received on Ship 'A' includes Caliberation Equipment, Radar Spares and Explosives. Comment.	3	This is not in order. All exports and imports of Defence Service Stores are generally handled by embarkation Commandants at ports. But imports of ammunitions and Explosives are handled by NASO Mumbai.	SAI 178 (f) (i) & (g)
ii	A short shipment is discovered in a consignment meant for the Army received on a Commercial Ship from Russia. What action is required to be taken?	4	Intimation to CDA/PCDA will be given regarding the short landing. A copy of the claim on account of short landed stores will be forwarded to the CDA/PCDA in whose area the port is located, and the amount recovered from the shipping companies will be credited through MRO into the Govt treasury.	
4 (a)	During the recent landslides in Uttar Pradesh, troops were called in to assist the Govt in rescue and recovery. What procedure would be necessary to collect details of Stores issued/expenses incurred during these aid activities?	3	All vouchers including Railway Warrants wrt stores issued from units, supply and store depots involving extra expenditure are enfaced in red ink A copy of every such voucher is forwarded to the regional CDA/PCDA and priced by the LAO. A consolidated statement is prepared by the CDA quarterly and sent to CGDA for further transmission to MOD(Fin)/Army HQ GSS Branch. A list of all railway warrants and credit notes is sent to PCFA Kolkata.	SAI 301, 302
4 (b) i	The LAO discovered that the Stock taking of Controlled items and Valuable & Attractive items was being done annually by the Medical Stores Depot. Comment.	2	Not in order. Should be done quarterly for Controlled items and half yearly for Attractive and valuable items.	SAI 277

Q. No.	Question	Mark	Answer	Auth.
	Ammunition Depot conducted its Stock Taking in June 2013. Inspection was held in August 2013. Comment.	2	Inspection must precede stock taking by one month.	SAI 281
iii	What are the various methods of Stock Taking that are employed by the Army Units & Formations.	3	Periodical checking of stock Annual Stock taking Stock of repair material Stock taking of ASC Articles.	SAI 290-293
5 (a)	Name the activities which are included in the audit of Store Accounts of Army Units.	3	The various audit processes carried out during the audit of store accounts of Army units and formations fall generally under the following three main categories: - (a) Verification of "castings", "closing book balances" and "opening bookbalances". (b) "Linking", on the receipt side, of "transfers-inward" and of purchases and on the issue side, of "transfers-outward." (c) Audit of "final receipts" (surplus found on stock-taking, etc.) and of "final issues" i.e., issues for final consumption	ALAM 2013 Pt I Vol I 52 (old 32)
5 (b) i	Stores are transferred by Consuming Unit A to Unit B. A receipted copy of the Voucher is not available with the Unit. What will be the action by the LAO Staff?	4	Where a receipted copy of a voucher, ("B" copy) is not available, an objection will be raised. The transaction will, however, be linked with the issue copy of the voucher meant for local audit staff (i.e., "E" copy) which will be removed and placed with the objection statement. Subsequently, when the receipted copy of the voucher is received by the unit, the "E" copy of the voucher will be paired with the former and transmitted to the Consignee's L.A.O.	ALAM 2013 Pt I Vol I 83 (old 61)
ii	Unit A was disbanded within 2 months of issuing certain Stores to Unit B. How and when will the Local Audit link the receipted copies for these issues?	3	In case where, subsequent to the issue of stores, the consignor unit switches over to war system of accounting or is disbanded within three months, the time limit of 3 months prescribed above will not apply. In these cases extra copies of issue vouchers for all issues in which the receipted copies have not been received till the date of final audit, will be received from the consignor L.A.O. collected at the time of final audit for special linking.	ALAM 2013 Pt I Vol I 76 (old 54 after the note)
6 (a)	What is an Expense Stores Ledger	3	EXPENSE STORES LEDGER is maintained by the EME Workshops to account for certain items which are required in such small quantities, as not to justify the submission of a separate demand for each work order or which have to be drawn from Ordnance Stores Section attached to E.M.E. workshops. The stock is maintained in the workshops store and replenished monthly by demands on these sections (Ordnance Stores Sections). Stores on non-lively items (of a non-recurring nature) are obtained from the Ordnance Stores Section directly against the work order and are not shown in this ledger.	ALAM 2013 PT.I Vol. I Para 262(1) {Old 258(1)}

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5 (b) i	What treatment will be given to the journeys against which nature of duty performed has not been clearly specified in the car diary?	2	They will be treated as "non duty" purposes and the Officers who have used the transport will be charged for mileage at the normal rates.	ALAM 2013 Pt I Vol I 306 vii Car diaries A (a) Note
ii	The CO has utilized the Vehicle but the Car Diary is signed by the Lt Col, the Adjutant. The LAO has asked that countersignature of the CO be obtained to regularize this. Comment on the LAOs action.	3	Only in the case of a Senior Officer not below the rank of Brigadier, the SO accompanying the Sr Officer may sign the car diary.	ALAM 2013 Pt I Vol I 306 vii Car diaries A (c) 3/0
lii	Lady Welfare workers were provided Jeeps at Amenity Rates to visit the Family Welfare Centre. Comment.	2	All the Vehicles with the exception of Jeeps can be hired out to Lady Welfareworkers at Amenity Rates.	ALAM 2013 Pt I Vol I 306 vii Car diaries H Note
7 (a)	What are the main checks exercised by the LAO w.r.t. the permanent advances while inspecting accounts of a Unit ?	3	LAO will see that A regular account of expenditure against such advances is maintained. No unauthorized advances are being paid. An analysis of amounts recouped is recorded at month end The permanent advance held is not far in excess of the average monthly expenditure.	ALAM 2013 Pt II Chapter II Para 43
7 (b)	Comment on the following:			
i	The LAO did an actual counting of Cash of an Imprest Account of the Unit he was inspecting.	2	While the LAO is not ordinarily required to verify cash balances of the Unit, in cases where he considers the state of accounts unsatisfactory or where cash balances are found to be heavy, he can verify cash balances of public fund accounts by actual counting.	ALAM 2013 Pt II Para 34
ii	A part of military land was sold by the DEO with the approval of the Army Commander, the money deposited in the Public Fund through MRO, and marked to CDA .	3	The LAO should pursue the case for obtaining GOI Sanction for this sale because the sale of land administered by the DEO can be done only with the approval of GOI.	ALAM 2013 Pt II Para 95 (i)
iii	The LAO, while doing the detailed month check of the cash Accounts of an NCC Unit examined the details of the expenditure borne by the State Govt and the Govt of India.	2	The LAO is responsible for inspection of Cash Accounts of NCC Units only in respect of the expenditure borne by the GOI. The portion borne by the State Govt is the responsibility of the Accountant General of the state.	ALAM 2013 Pt II Para 117, 118 (i) and (ii)
8 (a)	Which agency is responsible for the preparation of Occupation Returns and Recovery of Rent? Briefly describe the process.	3	The MES is responsible for the preparation of Occupation returns and recovery of rent. Occupation/vacation return is made in the following situations and forwarded to the Unit Accountant with a copy to the Station	DSR Chaper XXII 1017 UAM 178, 196-198

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			<p>Commander and the Unit: Immediately after handing/taking over of accommodation by MES Changes in occupation in the quarters of all categories by 5th of each month to show changes from the previous month Complete occupation return showing all buildings by 20th April annually to show the position on 1st April.</p>	
8 (b)	Comment on the following:			
i	A JCO was posted from Lucknow to Jaipur. He travelled with his family at the time of his move and on reaching no accommodation was available.	3	The JCO should not have been permitted to take his family	DSR 1021 (b) (c)
ii	Colonel 'X' was not provided with married accommodation during two tenures of 5 months each at two different Stations. He is now posted to a third Station and is still in the waiting list. What is his entitlement?	2		DSR 1022 (iii)
iii	A 23 year old officer has applied for married Accommodation.	2		DSR 1023

S.A.S. EXAMINATION – PART II

MAY 2014

PAPER V- PRACTICAL (WITH BOOKS)

(B) AIR FORCE

SECTION-II (STORES ACCOUNTS AND
INTERNAL AUDIT)

NOTE: Questions with model answers and authorities.

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Q.2)

- (a) How the local NIV no. of an item which are being used for the local unit purpose only differs from the item NIV no. allotted by the Air Hqrs. **(02 Marks)**

Ans) The local NIV no. of item will be followed by the letter "L" in order to distinguish it from the numbers allotted by the Air Hqrs.

(Auth: Para 13, Chapter 02 of IAP 1501)

- (b) In what circumstances an item is considered for allotting the local NIV no. by the unit. **(02 Marks)**

Ans) If the item procured is for purely local use (i.e., such as jig or a component which is to be incorporated in an item of plant machinery, there by losing its identity) and is unlikely to be transferred to another unit. In such cases, the item is given a local NIV no. followed by the letter "L" for accounting purpose only.

(Auth: Para 13, Chapter 02 of IAP 1501)

- (c) An Air Force unit accountant done the pricing of the repayment voucher and initiated the recovery action thereon for the miscellaneous sundry items authorized to be issued to local camp dhurzis and canteen contractors. The LAO has objected on the ground that since, the issue is out of IAF and thus the pricing and recovery action will be done by the PCDA (AF). Comment on this.

(02 Marks)

Ans) The objection raised by the LAO is not in order as the pricing of repayment vouchers and recovery there-on for the miscellaneous sundry items authorized issues to camp dhurzis, canteen contractors etc can be done by the unit accountant at their own.

(Auth: Para 19 of Chapter 2 of IAP 1501)

- (d) Under which circumstances NIV Number is allotted? How it is different from Reference Number? **(04 Marks)**

Ans: Items which are not interchangeable with standard Air Force items or is not included in the Air Force Vocabulary will be allotted appropriate Air Force Vocabulary Section No. followed by the letters 'NIV'.

When an item is interchangeable with or replaces the standard Air Force items irrespective of its physical make up, will be given appropriate Air Force Vocabulary Section No. and Reference No.

(Auth: Para 13 & 14 of Chapter 2 of IAP 1501)

Q.4)

- (a) A mosquito net with expected life of 05 years and vocabulary rate of Rs. 500/- was issued to the Corporal and after 04 years it was found lost. What will the minimum assessed amount to be charged against the individual.

(03 Marks)

Ans) The minimum assessed charge against the individual in default for textiles item is 25% of vocabulary rate. In the instant case, the minimum assessed charge to be levied against the Corporal will be Rs. 125/-.

(Auth: Para 12, Chapter 23 of IAP 1501)

- (b) The vocabulary rate of MT vehicle is Rs. 6.00 lakhs. The same was met with an accident and declared as Class V(b). What is the depreciated value of the vehicle assuming that no penal deduction is charged?

(03 Marks)

Ans) The depreciated value for Class V (b) downgraded MT vehicle should be 50% of the vocabulary rate. Hence, in instant case, the depreciated value will be Rs. 3.0 lakhs.

(Auth: Para 14 (c), Chapter 23 of IAP 1501)

- (c) An Article of non-textile nature costing vocabulary rate of Rs. 850/- which as per evidence prior to loss was deteriorated in use through fair wear and tear by the fault of the individual. What will be the depreciated rate of amount to be charged.

(02 Marks)

Ans) In such situation one-half of the full value is to be charged. Thus, Rs. 425/- will be charged from the individual.

(Auth: Para 10, Chapter 23 of IAP 1501)

- (d) Prior to loss of a serviceable non-textile article, the categorisation was found available in the accounting records of the equipment. How such loss rate will be assessed?

(02 Marks)

Ans) When the category of serviceable item prior to its loss is available and can be ascertained from accounting records the rate of assessment is to be as below:-

- | | | |
|------------------------|---|-----------------|
| i) Serviceable Cat A | - | Full Vocab rate |
| ii) Serviceable Cat B | - | 80% Vocab rate |
| iii) Serviceable Cat C | - | 70% Vocab rate |

(Auth: Para 11 (b), Chapter 23 of IAP 1501)

(a) Issue of large number of AF stores to Civil Department on payment basis.

Ans) Sanction of Air Hqrs and Min of Defence (Finance) is required for issue of large number of AF stores to Civil Department.

(Auth: Para 102(i) of AFLAM)

(Auth: Para 01, Chapter 08 of IAP 1501)

(b) Flights undertaken as "Errands of Mercy"

Ans) Sanction of Chief of Air Staff is required for flights undertaken as "Errands of Mercy".

(Auth: Para 199(x) of AFLAM)

(c) Loan of Indian Air Force Meteorological Equipments to other Services or to the Departments of Ministry of Defence.

Ans) Loan of IAF Meteorological Equipments to other Services or to the Department of Ministry of Defence can be made under the approval of Chief of Air Staff or under the approval of the authority to whom the CAS may delegate this power.

(Auth: Para 305 of AFLAM)

(d) One Air Force unit, issues Arms and Ammunition to Border Security Force subject to financial adjustments.

Ans) Sanction of Government of India is required for issues of arms and ammunition.

(Auth: Para 102(ii) of AFLAM)

(Auth: Note 1 below Para 01, Chapter 08 of IAP 1501)

(a) Write a short note on **Maximum Potential Establishment**. (05 marks)

Ans: Maximum Potential Establishment (MPE) is the level upto which various types of stores/equipment are authorized to be provisioned at any given time. This is expressed in terms of so many months requirements and denotes the period ahead for which requirements of equipments must be provisioned in bulk. The MPE consists of stocks required to be maintained at the depots and the quantity that will remain in pipeline to keep the depot stock level as per the authorisation of Government of India.

(Auth: Para 11(b), Chapter 02 & Para 01 & 02 of leaflet no.01 of IAP 1541)

(b) If the MPE for the class 'A' & 'B' stores of non perishable item to be procured from the foreign is 39 months, then what is the maximum stocking level at Depot level and what is the anticipated procurement lead time.

(03 Marks)

Ans: Maximum stocking level at Depot level is **15 months** and Procurement lead time is **24 months**.

(Auth: Para 02, Leaflet no.1 of IAP 1541)

(c) What will be the MPE of the recurring items supplied by DGOF (02 Marks)

Ans: The MPE for recurring items supplied by DGOF is **54 months**.

(Auth: Appendix to Leaflet no.1 of IAP 1541)

- Ans-5**
- (a) The Municipal Board of city 'X' has levied the Octroi tax for the Air Force equipment related to the Air Force unit located in Municipal Area. Comment

(03 Marks)

Ans) AF equipment, even though is a Government property is subject to levy of Octroi duty when brought within the Municipal limits and is governed by the byelaws of the Municipal Board concerned. Hence, the action to levy the octroi tax on AF equipment by the Jodhpur Municipal Board is in order.

(Auth: Para 144, Chapter 03 of IAP 1501)

- (b) The Cantonment Board levied Octroi tax on the Air Force Equipment being brought to cantonment area. Is it in order?

(03 Marks)

Ans) The AF equipment being the government property belonging to the Defence, is exempted from the levy of Octroi tax when brought within the Cantonment limits. Thus the action of Cantonment Board is not in order.

(Auth: Para 144, Chapter 03 of IAP 1501)

Q.9)

- (c) How the equipments of Squadron 'A' is being distinguished from Squadron 'B' at the same Air Force Station.

(04 Marks)

Ans) In order to distinguish equipments of Squadron 'A' from Squadron 'B' at the same Air Force Station, each squadron will be allotted a distinct different colours by the Station Commander for colour marking them. A band is to be painted on articles of a squadron equipment in the colour allotted to a particular Squadron. This colour system is standard at all stations, the colours to be used being White for first Squadron i.e., Squadron 'A' and green for the second Squadron i.e., Squadron 'B'.

(Auth: Para 19 A, Chapter 03 of IAP 1501)

Q.11)

- (a) An airmen was admitted in a hospital at 1545 hrs on 03rd Jan 2014 and discharged at 2100 hrs on the same day. Hospital stoppage was recovered from the airmen. Comment.

(03 Marks)

Ans) It is not in order. No hospital stoppage will be recovered when a patient is admitted to hospital after 1400 hrs and discharged on the same day.

(Auth: Note 02 below Para 265 (d) of AFLAM)

- (b) Dependent of airmen, aged 06 years was admitted in MH and he/she was given same scale of diet applicable to airmen. Comment.

(03 Marks)

Ans) It is not in order. Children below age of 10 years and above 05 years will be given half the scale authorised for adult.

(Auth: Note 01 below Para 266 of AFLAM)

(c) Briefly describe the audit checks to be performed by LAO on Daily Ward Requisitions.

(04 Marks)

Ans) The following audit checks will be exercised by LAO on Daily Ward Requisitions:

- a) Three months DWR will be scrutinised for verifying that the same were duly signed by the Medical Officer in charge of the Ward.
- b) To ensure that no. of diets under each category and extras is correctly carry forward, three days ward diet sheets with ward requisitions are compared.
- c) A check of 10 days figures from ward requisitions for diets and extras to ensure that the no. of diets and total no. of extras are correctly transcribed into F.159-S and F. 1268 respectively.

(Auth: Para 268 of AFLAM)

 (2 ½ Marks each)

(a) Which branch of Air HQrs is responsible for provisioning requirements of Guided Missiles for IAF.

Ans) It is not in order. The Directorate of Air Defence has its own set up for provisioning requirements of guided missiles.

(Auth: Para 07, Chapter 2 of IAP 1541)

(b) Name the procurement agency for the items wherein the source of supply is from France.

Ans) Director General, India Supply Mission, London is the procurement agency for the items wherein the source of supply is from France.

(Auth: Para 08 (a), Chapter 02 of IAP 1541)

(c) Urgent requirement of equipment required by consumer unit was procured with Direct Purchase Sanction by the CAS. Comment.

Ans) It is not in order. Direct Purchase Sanction is issued only for stores required for stock purpose and not for stores required urgently by consumer units.

(Auth: Para 09, Chapter 02 of IAP 1541)

(d) 36 Wing AF had procured centrally provisioned commonly available items through Local purchase. Comment.

Ans) It is not in order. Local Purchase of stores to meet the urgent requirement will be carried out in respect of commonly available indigenous items, which are not centrally provisioned.

(Auth: Para 10, Chapter 02 of IAP 1541)

(02 Marks each)

Q3 8
 (a) What is the periodicity of review of Class 'A' & 'B' Stores initially procured from the HAL.

Ans) The Class 'A' & 'B' Air Force equipment procured from HAL will be reviewed annually for the assessment of quantity for procurement.

(Auth: Para 31, Chapter 02 of IAP 1541)

(b) An automobile manufacturing company informed the Indian Air Force well in advance that after two years the components/spares of a particular MT vehicle would be out of production. What type of review the Air Force authority will carry out.

Ans) A final review known as "**Life of time**" review will be carried out to provisions of all range of spares of MT vehicles before the manufacturer goes out of production.

(Auth: Para 33, Chapter 02 of IAP 1541)

(c) Name the Provisioning Agency for Air Force MT Fuels and how the same will be carried out?

Ans) Army HQrs is the Provisioning Agency for the MT fuels of the Air Force. This is done on the basis of past consumption and the forecast of future requirements given by the Air Force units to the Army HQrs.

(Auth: Para 48, Chapter 02 of IAP 1541)

(d) To whom the Annual Forecasts of future requirement in respect of MT Vehicles are placed by the Indian Air Force.

Ans) The Air Force works out the future requirements once every year and furnished the annual forecasts to the MGO branch of Army HQrs for inclusion in the provision review.

(Auth: Para 51, Chapter 02 of IAP 1541)

(e) Which type of review is initiated when an item is found to be fast moving.

Ans) Special Review is to be carried out from time to time in respect of fast moving items.

(Auth: Para 32 (b), Chapter 02 of IAP 1541)

A: 2 (a) A Supplier may delay the supply of goods for various reasons such as :-

- Ans-1
- (i) Lack of capacity in relation to pending orders
 - (ii) Non-availability of raw material
 - (iii) Financial problems
 - (iv) Labour problems
 - (v) Dependence on sub-contractors
 - (vi) Infrastructural problems
 - (vii) Problems with collaborators

(Para 9.5 Procurement Manual)

(b) The following factors will have to be considered :-

- (i) What was the original Delivery Period and whether delivery period was a consideration

in placing the order

- (ii) How critical is the requirement of the Indentor? Will delivery of the item after 3 months affect the ~~spec~~ sea-going ability of the ship or functioning of the establishment?

- (iii) How quickly can the item be sourced from an alternative source and at what cost?

- (iv) What is the past record of the Supplier? Is he facing a serious difficulty which is not part of his normal business problems?

(Para 9.12 Procurement Manual)

Ans 2

3(a) Yard Materials are naval store items used by Dockyards and other repair agencies in large numbers for refit and repair. They include items like metal bars, sheets, tubes, bearings, pipes, washers, clips, chemicals, paints, ropes, cables and wires

(Para 1.7 Material Planning Manual)

(b) MSL is calculated as
 $MSL = ALL (CCM)$

ALL is calculated by averaging the consumption of past 3 years giving the weightage of 3 to Previous Year, 2 to year before Previous Year and 1 to year before that year.

$\therefore ALL =$

$$100 \times 3 = 300$$

$$120 \times 2 = 240$$

$$150 \times 1 = 150$$

$$\text{Total } 690 \div 3 = 230$$

Since the item is in Category 2, the CCM is 1.5

$$\begin{aligned}\therefore MSL &= ALL (CCM) \\ &= 230 (1.5) \\ &= \underline{\underline{345 \text{ Units}}}\end{aligned}$$

(Paras 5.18, 5.19, 5.20 and 5.23
Material Planning Manual)

Ans-3

Ans-3

When provisions on board a ship or in shore establishments are found unfit for consumption, they are disposed of by preparing a Survey Report for Victualling Stores on form IN 715. If the provisions are returned to the Base Victualling Yard 4 copies of the Survey Report are prepared. However, if the provisions are jettisoned/destroyed then 3 copies of the Survey Report are prepared.

(Para 1302 21317 of Naval
Victualling Manual)

(b) The suspected stock of Ashar dal ^{will} be segregated and the matter reported to the Commanding Officer (CO) of the ship. The CO will appoint a board of officers (including a Medical Officer) to inspect the items. The board of officers will inspect the Ashar

Not and record their opinion on the Survey Report. If the stock is found to be contaminated, it will be thrown overboard with the approval of the CO. The CO will record this in the Survey Report. The loss will be then regularized by the CFA.

(Para 1305 of Naval Victualling Manual)

Ans-4

The NLAO will prepare a Special Report for the perusal of PCDA (Navy) to bring to the notice all cases in which:-

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

(Para 17 NLAO's Manual)

- (b) On the last day of every month a Certificate of muster of the Victualling stores is recorded on the Victualling Account by the Supply Accounting Officer & CO of the Ship. The relaxation to this muster is given only to ships taking part in cruises/exercises.

Therefore, the NLAO should not object to the ship not mustering its victualling stores if it is sailing on an exercise. However, the NLAO must ensure that he has got a copy of the Physical muster of stocks prior to embarking for the exercise period and also before any subsequent replenishment during the exercise periods.

(Para 39 & 40
NLAO's Manual)

Ans-5
(b)(a) Loss of Imported Stores will not be reflected as Store Losses as they are to be treated as Cash Losses

(Appendix 6 NLAO's Manual)

(b) As the NLAO, I will consult the following documents/orders while auditing the accounts of Defence Departmental Canteens:-

- (i) Handbook of Administrative Instructions on Departmental Canteens in Govt Offices (Green Book)
- (ii) Departmental Canteen Employees (Recruitment and Conditions of Service Rules)
- (iii) Administrative Instructions/Orders issued by the Director of Canteens from time to time

As regards Unit Run Canteens, I cannot audit them as I have no audit jurisdiction over them

(Para 249 NLAO's Manual)

Ans-6
(8) (a) Composite Pack Rations are issued to Officers and Sailors on occasions when normal food cannot be cooked is during landing party operations. Sailors may be issued Composite Pack Rations in lieu of normal scale at the discretion of OC Naval Garrison whenever service conditions so warrant.

(Appendix 'K' Naval Victualling Manual)

(b) A Registered Contractor can be removed from the Approved list for the following reasons:-

- (i) Failure to quote in response to 4 consecutive invitations to tenders during 2 years or for quoting fictitious rates
- (ii) Failure to secure a contract after 6 successive tenders or during a period of 3 years whichever is less

- (vi) Failure to execute a contract or failure to execute it satisfactorily
- (vii) When the Contractor is declared bankrupt or insolvent
- (viii) Failure to furnish an Income Tax Clearance Certificate
- (ix) Not having technical staff to execute the Contract
- (x) Any ground considered to be in Public Interest
(Para 1747 Naval Victualling Manual)

Ans-7 (70) (a) A Snap Check of Stores is a surprise check of Stores undertaken by the Logistics Officer without prior notice to verify correctness of Stock. Such checks should be frequent and include valuable and attractive items. The Commanding Officer may also order snap checks at his discretion.

(Article 236 Naval Storekeeping Manual)

(b) As Logistics Officer, the following must be

done :-

- (i) He must ensure that the sanction of the appropriate Administrative authority has been obtained
- (ii) He must prepare a Demand, Receipt or Supply Note for occasional supplies
- (iii) He must raise separate vouchers for Permanent and Consumable Stores
- (iv) He must indicate Class, Group and Pattern number along with registered numbers and full description of Stores & Boats

(Article 134 Naval Storekeeping Manual)

Ans-8 1/2 (a) The NLAD will personally check a number of vouchers test linked by his staff. The vouchers selected should be those in respect of costly items or those which are frequently received and issued. If the NLAD is not satisfied with the linking done by his staff, he should increase it suitably.

(Para 69 NLAD Manual)

(b) The Pay Accounts Office may make payment of the balance 5% bill without receiving the Consignee's copy of Inspection Note. The Pay Accounts Office will stamp the bill to the effect that payment has been made without the consignee's receipt. When the Bills are so stamped, it is the duty of PCA (Navy) Stores Section to watch the receipt of acknowledgment of Stores from Consignee as well as watch recoveries if any discrepancies/differences are recorded by the Consignee on his receipt certificates. For this purpose, the outstanding items are entrusted by PCA (Navy) to each NLAO separately. The NLAO will obtain acknowledgment from the Depot concerned and return one copy to Stores Section within 15 days after verifying credit in the Stores Ledgers. The NLAO will get the discrepancies/short receipts/rejections noted in a form. PCA (Navy) Stores In will intimate to the PAO these short receipts/rejections.

(Para 71 NLAO Manual)

X

Section -II (Store Accounts and Internal Audit) (D) FACTORY (With Books)

प्रश्न 2. निम्नलिखित पर संक्षिप्त टिप्पणियाँ लिखिए।

Write short notes on the following.

- (अ) बकाया परिसंपत्तियाँ एवं देएताएँ।
 (a) Outstanding Asset & Liabilities.
- (आ) अनुपस्थिति भुगतान रजिस्टर।
 (b) Absentee Payment Register.
- (इ) अपवाद वाउचर।
 (c) Except Voucher.
- (ई) प्रोत्साहन बोनस।
 (d) Incentive Bonus.
- (उ) मान लेखा परीक्षा।
 (e) Scale Audit.

(2x5=10 अंक / Marks)

Ans.2 (a)

Outstanding Asset & Liabilities

It is important in an Ordnance Factory that all stores for which payments are made, book debits received from Government Departments and priced copies of issue voucher received from sister factories, 100% linking is done. Linking consists of two parts:

- A. Linking payment with receipt vouchers. Unlinked items represent payment made for which receipt vouchers are awaited. These are called **outstanding assets**.
- B. Linking of receipt vouchers....."payment made". Here the unlinked vouchers represent stores received for which payments are to be made. They are called **Outstanding liabilities**.

In the Branch Accounts Office, these are monitored through Linking Register. Separate parts are maintained for local and foreign purchase and central purchase. The Registers are put up to the Accounts Officer by 25th of the following month. Review of registers is made and cases pending for more than 3 months are furnished to the factory for speedy accounting. In respect of outstanding liabilities relevant bills would be watched and supply orders verified to check whether payment has already been made or not. At the end of the year, balance sheets are made out for category-wise local purchase/central purchase/foreign purchase.

[Auth: Para 496-498, O.M. Pt.VI, Vol.I]

(b) Absentee Payment Register

Absentee payment Registers are maintained separately for each section for each month in the loose leaf form in the factory in which all amounts remaining undisbursed on the regular pay day are noted and so also the payments made therefrom. When all payments have been completed from a sheet in the Absentee Payment Register and necessary audit check has been carried out, the sheet will be removed from the register and attached with the last page of the relevant acquittance (Muster roll).

The following points too are to be verified:

- (i) The entries in the Register have been correctly made from the Acquittance Rolls.
 (ii) The total of column of 'amount due' on each sheet are written both in words and figures.
 (iii) The register should be initiated by the auditor against each payment which has been attested by the factory office.

(iv) The grand total agrees with the amount shown as 'undisbursed wages' in the Agreement Form of Labour. [Auth. Para 219 of OM, Part IV]

(c) **Except Voucher**

Voucher, through which the stores are received from outside are brought on ledger charge.

[Serial no. 32 Appendix B of FAR]

(d) **Incentive Bonus**

(i) Incentive Bonus is paid to all maintenance workers other than unskilled workers employed on maintenance work in factory premises.

(ii) Workers attached to Production Section will be paid bonus at 50% of piece work profit earned by piece workers of relevant production section. Workers not attached to production section will be paid incentive bonus at 50% of the average piece work profit earned by piece workers in the whole factory.

(iii) In factories where piece work does not exist the workers are eligible for incentive bonus @ 50% of average piece work profit of the factory as a whole.

[Auth. Para 155, OM, Part VI, Vol. I]

(e) **Scale audit**

The overall strength of industrial employees in each factory for each grade of labour for each trade will be fixed by OFB and intimated to Branch Accounts Office. Any increase/decrease in strength, as approved by OFB, will be intimated to them. The Accounts Office will check the actual strength with sanctioned strength on receipt of factory orders intimating promotions/transfers to different trades/grades and bring to the notice of the management any variation noticed by them for regularisation. A register will be maintained in the labour Section of Branch Accounts Office. The register is subject to internal audit cell functioning in the Branch Accounts.

[Auth: Para 256, O.M. Pt. VI, Vol. I]

प्रश्न 4 (अ) प्रधान लेजर (प्रिंसिपल लेजर) के बनाए जाने का क्या उद्देश्य है ?

(a) What is the objective of maintaining the Principal Ledger?

(6 अंक / Marks)

(आ) वार्षिक लेखे के किस विवरण में निम्नलिखित व्यय को दर्शाया जाएगा।

(b) In which Annual Accounts Statement will the following Expenditure be reflected?

1) पुरानी मशीनों के विक्रय पर लाभ।

1) Profit on sale of old Machine.

2) अधिवर्षिता प्रभार।

2) Superannuation Charges.

3) भंडारों पर परिवहन प्रभार।

3) Transportation Charges on Stores.

4) सरकार को चली गई आदावाकृत मजदूरियों।

4) Unclaimed Wages lapsed to Govt.

(1x4=4 अंक / Marks)

Ans. 4 (a) The object of maintaining the Principal Ledger by each of the Branch Accounts Offices of the factory is:

(i) Preparation of the Annual Consolidated Production Accounts. Finished Stock Accounts, Statement of Assets and Liabilities and Capital Assets Accounts.

(ii) To arrive at the cost of manufacture of articles in the factories.

(iii) To reconcile the cost data and financial data so far as their reconciliation is concerned for ensuring that the data presented are correct as per financial data and that no item of expenditure is left out.

- (b) (i) Profit on sale of old machines is reflected in Annual Production Accounts- Credit side.
(ii) Superannuation charges appear in the Annual production Account – Debit side.
(iii) Transportation charges on stores appear in the Annual Production Account- Debit side.
(iv) Unclaimed wages lapsed to the Government appear in the Annual production Account-Credit side.

[Auth. Para 418 of OM, Part VI Vol. I]

Qus. 3 (अ) सिविल व्यापार आदेश किसे कहते हैं? ऐसे आदेशों के संबंध में न्यूनतम कीमत तथा अधिकतम कीमत को किस प्रकार नियत किया जाता है।

Qus. 3 (a) What is a civil trade order? How is the minimum price and maximum price fixed in respect of a civil trade work? (4 अंक / Marks)

- (आ) एक सिविल व्यापार कार्य के लिए निम्नलिखित आँकड़ों से न्यूनतम तथा अधिकतम कीमत की गणना कीजिए।
(b) Calculate minimum & maximum price from the following data for a civil trade work.

प्रत्यक्ष सामग्री 15,000
Direct material 15,000

प्रत्यक्ष श्रम 4,000
Direct Labour 4,000

परिवर्ती उपरिव्यय प्रत्यक्ष श्रम पर 200 प्रतिशत

VOH 200% on direct labour

स्थिर उपरिव्यय प्रत्यक्ष श्रम पर 400 प्रतिशत
FOH 400% on direct labour

विशेष पैकिंग रुपये 2000/-
Special packing Rs.2000/-

(6 अंक / Marks)

Ans. 3 (a)

The general policy of the Government is to utilise the spare capacity if available after meeting 'services' demand for the manufacture of stores etc. for sale to other non-military departments/indentors i.e. to civil trade. The OFB/GMs are authorised to fix the quotation price without prior concurrence of Accounts office/CC of A(Fys). The Accounts office prices and checks the arithmetical accuracy of the estimates. He ensures that the orders issued by Government are not overlooked. Pricing of all material other than non-ferrous scrap is done with reference to market to controlled price. Minor difference between ledger and market/controlled price is to be ignored and ledger rates are to be adopted where market rates are not available. The minimum price will include Direct Labour+ Direct material and full variable overheads plus the cost of such staff as may have to be specially retained or entertained for the work. For Civil trade quotations the minimum price will be direct labour+direct material plus as much of variable charges as the market can bear. The amount of variable charges to be levied is left to the discretion of the OFB. The Maximum price is the minimum price as referred to above plus fixed charges plus appropriate share of preliminary expenses where applicable. The profit or loss is calculated with reference to the total volume of civil trade done by a factory in a year. Export prices are fixed by Director (Export) Ministry of Defence in consultation with IFA (DP). [Para 99 of O.M. Pt. VI, Vol.I]

(b)

Minimum Price	Rs.
Direct Labour	4000/-
+ Direct Material	15000/-
+ VOH 200% on Direct Labour	8000/-
+ Special packing	2000/-
Total	29000/-
Maximum Price	
Minimum price	29000/-
+ Fixed overheads 400% on direct labour	16000/-
Total	45000/-

[Para 99 of O.M. Pt.VI, Vol.I]

प्रश्न 4 (अ)

सीमाओं के प्रकारों को उल्लेख कीजिए एवं उनके द्वारा निर्धारित की गई डेलिगेटेड सीमाओं की राशि क्या है?

Qus.7 (a)

What are the Constitution of TPCs in Ordnance Factories for procurement of Stores as per the latest delegation of Powers and their delegated amount?

(4 अंक / Marks)

(आ) आपूर्ति की पश्च लेखा परीक्षा का किया जाना क्यों आवश्यक है? आपूर्ति आदेशों की पश्च लेखा परीक्षा में देखे जाने वाले परीक्षा मुद्दों का उल्लेख करें।

(b) Why it is necessary to carry out post audit of Supply Orders? Discuss main audit points to be seen in post audit of Supply Orders.

(6 अंक / Marks)

Ans.7

(a) Constitution of TPCTPC Level-IFor procurement of stores/components etc exceeding Rs. 10 Cr and upto Rs. 50 Crs in each case will be made on the basis of approval of TPC-I

Sr. General Manager / General Manager	Chairman
Addl. GM/MM	Member /MM
Addl. GM of User Section	Member/ User Section
C of F & A (Fys.) / Addl. CF & A*	Finance Member
Addl. G.M.-QC	Member / QC
Jt.GM/MM	Member Secretary

* Addl. CF&A will attend the level-I TPC in the absence of C of F& A(Fys).

TPC Level-IIFor purchase of stores/components etc exceeding Rs. 2 Cr and upto Rs. 10 Crs in each case will be made on the basis of approval of TPC-II

Addl. G.M. / MM	Chairman
Addl. C of F & A / JCFA*	Finance Member
Addl. GM /Jt. GM / User Section	Member/ User Section
Addl. GM /Jt. GM / QC	Member / QC
Jt. GM/Dy. GM/MM	Member Secretary

* JCFA will attend the level-II TPC in the absence of Addl. C of F& A(Fys)

TPC Level-IIIFor procurement of stores valuing above Rs. 20 lakh and upto Rs.2 Cr.

Jt. GM-I/C of Material Management	Chairman
Jt. GM./DGM/QC	Member / QC
Jt. GM/DGM/User	Member/ User
JCFA/DCFA/ACFA	Member Finance
DGM/WM/MM	Secretary

If there is no Jt.GM/MM in a factory, AGM/MM will chair TPC Level-III.

DGM/MM- I/C of Material Management	Chairman
DGM/MM/AWM/QC	Member / QC
DGM/MM/AWM/User	Member/ User
DCFA/ACFA/Sr.AO/AO	Member Finance
If there is no DGM/MM/MM in a factory, Jt.GM/MM will chair TPC Level-IV.	

[Authority: Delegation of Financial Powers 2013, OFB order no.436/BS-Corr dated 16.05.2007 and as amended from time to time]

Ans. 4 (b) All the supply orders placed as per the recommendations of the TPC and are required to be post audited to ensure that payments to the suppliers in audit are restricted within the authorised commitment and to ensure avoidable constraints over the Revenue Budget.

Main points to be seen in post audit of Supply Orders:

- (i) Provision has been done as per vetted SHIS and delivery schedule has been fixed on the basis of monthly rates of consumption.
- (ii) Rates are competitive with reference to the last paid rates and quantity.
- (iii) The required approved quantity as per the targets available has not been split up into piecemeal Tender Enquiries to bring the subject procurement within the financial powers of the lower authority.
- (iv) In case of single tender, specify reasons for resorting to single tender are recorded on CST under the signature of the Competent Financial Authority.
- (v) Spot payments are considered only in respect of proprietary items.
- (vi) All the vendors registered are selected for issue of Limited Tender Enquiry with a view to generate healthy competition.
- (vii) Specific reasons for ignoring the lowest tendered offer has been assigned in the TPC minutes.
- (viii) The CVC instructions are followed in respect of negotiation and placement of orders at split rates to more than one tenderers within the delegated powers in an equitable and just manner.

[Auth:Para 366 of O.M. Pt.VI, Vol.I]

प्रश्न. 8

Qus.8

रिक्त स्थान भरें- उत्तर पुस्तिका में सिर्फ खाली स्थान पर आने वाले शब्दों को भरें।

Fill in the blanks- write only the words to be filled in, in the answer books.

- (अ) कोई भी त्रुटिपूर्ण अथवा अधिशेष सामग्री को स्टोर होल्डर को वापस किए जाने पर सामग्री वापसी पत्र (दो प्रतियाँ) का उपयोग किया जाता है।
- (a) Any defective or surplus material will be returned to the store holder accompanied by **Material Return Note** (in duplicate).

[Auth: Rule 14 FAR]

- (आ) इंटर फैक्ट्री इश्यू में इश्यू वाउचर की 06 कॉपियों तैयार की जाती हैं।

- (b) In the case of Inter Factory issues 06 copies of issue vouchers are to be prepared.

[Auth:Note 1 below rule 13 (B) FAR]

- (इ) बिन कार्ड में शेष हमेशा वास्तविक शेष एवं लेजर शेष से सहमत होता है।

- (c) The balances in Bin Cards at all time agree with **actual stock and Ledger balance**.

[Auth:Note 4 below rule 17 of FAR]

- (ई) बिन कार्ड एवं स्टोर लेजर बेलेंस में त्रुटियाँ निम्न दो कारणों के द्वारा हो सकती हैं गलत प्रलेख अथवा प्रलेख का न भरा जाना।

- (d) The discrepancies between the Bin Cards balance and Store Ledger balance is reflected in stock taking sheet may be due to **wrong posting** or **non-posting of documents**.

[Auth: para 3 under rule 19 of FAR]

- (ड) निर्माण से संबंधित सभी प्रत्यक्ष एवं अप्रत्यक्ष खर्चें उत्पादन एकाउंट्स में डेविड किए जाते हैं।

- (e) All charges direct and indirect in connection with the manufacture incurred during the year are debited to the **Production** Accounts".

[Rule 14 of FAR]

प्रश्न 16 (अ)

गारंटी वेतन की अवधारणा को स्पष्ट करें।

Qus. 16 (a)

Explain the concept of Guarantee Pay.

(4 अंक / Marks)

- (आ) गारंटी वेतन की गणना करते समय किन-किन तत्वों को हिसाब में लिया जाता है?
- (b) What elements are taken into account while computing Guarantee pay. (3 अंक / Marks)
- (इ) क्या गारंटी वेतन प्रत्यक्ष श्रम को बुक किया जाता है अथवा स्थिर उपरिशीर्ष प्रभार को बुक किया जाता है ?
- (c) Whether Guarantee pay is booked to Direct Labour or fixed overhead charges.

Ans. 16 (a)

Guarantee pay is the basic time wages (pay) which becomes payable to industrial employees when their piece work earnings during their period of duty falls below the actual time wages. It is paid to unskilled, semi-skilled and skilled grades whenever need arises but not paid to highly skilled grade industrial employees.

- (b) While computing guarantee pay the time wages for the period a worker has functioned as piece worker are taken into account. Added to this is the incremental difference between the actual basic pay and the minimum of revised pay scale plus overtime pay, if any, minus piece work earning and overtime bonus. The guarantee pay is equal to :
(Time wages + Incremental difference + OT Pay) - (Earning + Overtime bonus)

- (c) Guarantee pay is booked to Direct Labour and not to Fixed Overhead Charges.

[Auth: Para 154 OM Pt. VI Vol. I]

प्रश्न 16 (अ)

संयंत्र तथा मशीनरी के मूल्य ह्रास में किस प्रकार प्रभारित किया जाता है? एक साधारण उदाहरण से इसे दर्शाए।

Qus. 16 (a)

How is depreciation of plant and machinery charged ? Show it with a simple example.

(4 अंक / Marks)

- (आ) दिए गये आँकड़ों के आधार पर 2013-14 के लिए एक मशीनरी का मूल्य ह्रास का आकलन करें :

मशीनरी खरीदने की तारीख	-20.05.2008
खरीदने के समय मशीनरी की लागत	-45,00,000
सिविल कार्य प्रभार	-5,00,000
वारंटी की अवधि	- चालू होने की तारीख से दो वर्ष अथवा निर्माणी परिसर में मशीनरी की प्राप्ति से ढाई वर्ष, जो भी पहले हो।

- (b) Based on the data given below, calculate the depreciation of a machinery for 2013-14 :

(5 अंक / Marks)

Date of purchase of machinery	= 20-05-2008
Cost of machinery at the time of purchase	= 45,00,000
Civil works charges	= 5,00,000
Warranty period	= Two years from the date of commissioning or two and half years from the receipt of the Machine in the factory premises, whichever is earlier.

Ans. 17

(a) Although a straight line method is adopted for all assets of the factory, the depreciation will be computed based on the period for which the plant and machinery were expected to be in use and not on usage basis. The depreciation so calculated will be charged to production as Renewal Reserve Fund. For example, if the cost of plant/machinery at the time of procurement / installation was Rs. 1 Crore, the depreciation per year thus works out to Rs. 1 crore divided by 20 years (the life of plant/machinery) = 5 Lakhs.

- (b) Cost of the machinery at the time of purchase = Rs 45,00,000
Civil works charges (capitalized) = Rs 5,00,000
Total expenditure = Rs 50,00,000
Thus the depreciation charged for 2013-14 is Rs 50,00,000 divided by 20 (the life of machinery)
Years = Rs. 2,50,000

[Auth : Para 762 of OM Pt VI, Vol. I]

प्रश्न. 8 (अ) श्रेणी ए की वस्तु सूची कौन-कौन सी है?
Qus. 8 (a) What are 'A' Category inventory items?

(4 अंक/Marks)

(आ) श्रेणी ए की वस्तुओं की पहचान कैसी की जाती है?

(b) How 'A' Category inventory items are identified?

(3 अंक/Marks)

(इ) श्रेणी ए की वस्तुओं का सामग्री बजट तैयार करने पर क्या प्रभाव पड़ता है?

(c) How 'A' Category inventory item affect the preparation of Material Budget?

(3 अंक/Marks)

Ans. 8 (a)

An A, B, C analysis is carried out in the factory based on the concept of selective inventory management. It aims at focussing attention on the Value of Materials. All inventory items costing Rs. 1 Lakh and above are categorized as Category 'A' items. The objectives to be achieved with such categorization are:

(i) The provision of the required quantity of the right material at the right time at the right place;

(ii) Purchase of materials of the right quality and right quantity of favourable prices.

[Auth: Paras 329 & 504 of OM Pt. VI, Vol. I.]

(b) For all 'A' category items folio-wise details are collected and decision about the sources (LP, CP, IFD etc.) and quantity of procurement taken.

[Auth: Para 18 of OM Pt. VI, Vol. I.]

(c) As material constitute about two-thirds of the cost of production and about 66% of the expenditure under Revenue Head, detailed check is exercised at the time of purchase in accordance with the basic concept that effective control on holding of inventory is possible at the time of procurement. The budget for purchase of material is carefully framed based on the anticipated production.

[Auth: Para 18 of OM Pt. VI, Vol. I.]

PAPER-VI

SECTION-I [WORKS ACCOUNTS]

Ans 1/ 2(a). After up gradation of AAO GE to AO GE what additional power in regard to 'scrutiny of contract' has been delegated to him? (3 marks)

Ans. The scrutiny of contract accepted by the GE within his power of acceptance of contracts that was being done by 'E' section of the Main Office earlier is to be done by the AO GE as per UA manual and OM VIII. However, scrutiny of deviation orders, work orders etc. will continue to be done by the 'E' section. (Para 2A of Hqr letter no. AT-Coord/13108/PC/upgradation AAO dt. 16/9/2009)

1/2/ 2(b). During post audit it is seen that the AO GE has done scrutiny and made payment in respect of a contract costing Rs. 9.5 lakh that was accepted by the GE rejecting the tender containing freak rates which otherwise was most acceptable. Offer your comments on this as per orders on the subject. (7 marks)

Ans. Although the AO GE has been delegated power to scrutinize the contract accepted by the GE within his power of acceptance of contracts, that is, Rs. 15 lakh, and make payment up to Rs. 10 lakh, but in the given situation of ignoring a tender the CDA/PCDA should have been consulted as per orders on the subject. If this requirement has been complied with, the action of the AO GE is in order; otherwise AO GE's action is wrong and he needs to clarify reasons of his action and further action would be taken accordingly. (Para 77 (f) UA Manual, Para 2A of Hqr letter ibid)

Ans 2/ 4(a). The functions of the AO GE attached to engineer office are three fold. Describe them. (3marks)

Ans. i) As an accountant: To maintain accounts as per prescribed rules.

ii) As a primary auditor: To apply preliminary checks to initial accounts and vouchers

iii) As a financial assistant and adviser: To assist head of MES formation in accounts, budget and financial matters. (Para 22 UA Manual)

2/2/ 4(b). AO GE has to see that before expenditure is incurred on works services, certain conditions are fulfilled. What are those conditions? Further, which of these conditions is fulfilled or violated,

as the case may be, if a costed schedule of original works costing Rs. 10000 has not been found prepared. Give reasons in support of your views. (4+3 marks)

Ans. Conditions to be fulfilled are:

- i) Necessity of work has been accepted by competent authority
- ii) Adm approval has been accorded by competent authority
- iii) Tech sanction of the competent engineering authority has been obtained
- iv) Allotment of funds has been made.

Further, preparation of costed schedule of works costing Rs. 10000 or more is part of technical sanction. Non-preparation of it is objectionable, as it does not fulfill the condition no.(iii) above. **(Para 34, 52 UA Manual)**

Ans-3 3(a). Name three executing agencies on which operational works can be ordered. Which agency needs not execute operational works through contract? (3 marks)

Ans. i) Formation engineers

ii) MES

iii) Other construction agencies like PWD, CPWD, BRO, Railways.

Formation engineers execute the Works ordered on them departmentally and, therefore, they need not execute works through contract. **(Para 6, 8 Operational Works Procedure Addenda III DWP)**

8(b) 6(b). The demand of Cement for operational works for a year works out to 2000 bags. How should the Engineer regiment plan its availability? (7 marks)

Ans. The Engineer regiment should forward their quarterly forecast demand of 500 bags of cement per quarter in such a way that it reaches the Engineer Branch Corps Hqr by 01 January, 01 April, 01 July and 01 October of the year for which it is required. The Chief Engineer Corps will forward the demand to the Zonal CE. The cement will be released by Zonal CE from the stocks available with Engineer Park.

The Corps CE will sub-allot the cement to the divisional engineer regiment based on their forecast demand. (Para 91, Op. Works Procedure Addenda III DWP)

Ans-4

7(a). In how many categories the Defense Works are divided for the purpose of budgeting and control? Name them with two examples of each. (3 marks)

Ans. The Defense Works are divided in two broad categories:

- i) Original works, such as construction of buildings, roads, drainage, fitting, fixtures etc.
- ii) Repairs: maintenance and periodical services, making good the damages to roads etc. (para 3,4,7 DWP)

7(b). Name categories of the following Works as per Defence Works Procedure. (7 marks)

- i) Original works costing Rs. 25 lakh
- ii) Original works costing Rs. 12 lakh
- iii) Original works costing Rs. 2 lakh
- iv) Original works costing Rs. 1 lakh
- v) Replacement and renewals costing Rs. 1.2 lakh
- vi) Replacement of E/M installation costing Rs. 3 lakh
- vii) An original work of petty nature costing Rs.9500, but the CWE does not want to treat it as original work.

Ans.

- i) Original works costing Rs. 25 lakh: *Major Capital Works*
- ii) Original works costing Rs. 12 lakh: *Low Budgeted Capital Works*
- iii) Original works costing Rs. 2 lakh: *Revenue Works*
- iv) Original works costing Rs. 1 lakh: *Minor Works*
- v) Replacement and renewals costing Rs. 1.2 lakh: *Ordinary Repairs*
- vi) Replacement of E/M installation costing Rs. 3 lakh: *Special Repairs*
- vii) An original work of petty nature costing Rs.9500, but the CWE does not want to treat it as original work: *Repairs. (Para 4,5,9,10 DWP)*

8(a). Who prepares the Approximate Estimates (AEs)? In which Appendix the proforma for preparation of the AEs is prescribed? On what lines are the AEs prepared? (3 marks)

Ans. The Engineer Authority prepares the Approximate Estimates. The proforma used for preparation of the AEs is prescribed in Appendix 'E'. The AEs are prepared as per the lines indicated in the approved statement of case and/or Board Proceedings/DPR (Detailed Project Report). **(Para 29 DWP)**

56 ✓ **8(b)** What action would be needed:

(3+2+2 marks)

- i) If special tool or plant is required to be included in the estimated cost of the works?
- ii) If establishment charges are to be included in the Estimates?
- iii) If 4% consultancy charges are to be included in the Estimates?

Ans. i) Normally no provision may be made in the estimates for special tools and plants as a central provision is made for this purpose. However, if for technical reasons any special tool or plant is required for any works project then a specific approval of the Government should be taken for inclusion of estimated cost thereof with due recommendation of the DG Works.

ii) Establishment charges will not be included for MOD establishment works but will be included for deposit works. The establishment charges, if any, may be included in the estimates after recording reasons in each case, but will not exceed 2% of the estimates.

iii) Consultancy charges not exceeding 3% may be included in the estimates, but for the given 4% consultancy charges approval of the concerned CFA will be required. **(Para 29 (b), (c) DWP)**

MO (10) ✓ **9(a)** Write a brief note on Administrative Approval (AA).

(3 marks)

Ans-6
Ans. Administrative Approval (AA) is accorded by the CFA (Competent Financial Authority) to the execution of works after due examination of the Approximate

Estimates (AEs). It states clearly whether the works being approved are authorized or special. If special, reasons for approving will be stated. At the stage of AA, it will be ensured that the AEs are updated to conform to prevailing %age of market variation and difference in cost of stores. Time of completion of the works is also clearly indicated in the AA. The AA is considered as release of the works and conveyed by a letter specifying the budgetary source also. A copy of this letter with AEs is sent to the CDA/PCDA concerned and to the engineer adviser. (Para 31 DWP)

✓ 6(b). Examine the following situations and offer your comments. (2+2+1+2 marks)

- i) Works not commenced even after a year of according Administrative Approval
- ii) 'Go Ahead' sanction for Rs. 5 lakh has been accorded for a project having estimated cost of Rs. 20 lakh
- iii) Scrutiny of tender documents not done by audit prior to acceptance of tender
- iv) The contractor has asked for mobilization advance of 16% of the value of contract

- Ans. i)** The situation necessitates a Revised Administrative Approval
- ii) The 'Go Ahead' sanction works out to more than 25% of the estimated cost of the project which is more than maximum permissible %age of 20% to accord Go-ahead sanction. However, this higher %age may be due to inclusion of cost of acquisition of land also. If not, the sanction is not in order.
- iii) The situation is in order; scrutiny by audit is not necessary.
- iv) The mobilization advance cannot exceed 10% of the value of the contract. Therefore, the request of the contractor may not be acceded to. (Para 31©, 34(b), 46(e), 47 DWP)

Ans 7 11(a). Write down the categories of contractors tendering for MES Works on the basis of their liability to deposit earnest money and security. (3 marks)

Ans-7
Ans. Following are the categories:

- i) Contractors borne on list of approved MES contractors for area concerned and who have executed standing security bond and deposited requisite standing security appropriate to their registered class

- ii) The same as above, but who have not executed standing security bond and deposited standing security
- iii) Contractors who are not borne on list of approved MES contractors at the time of issue of tender forms. **(Para 497 RMES)**

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11(b). Work out amount of Earnest Money if the estimated costs of the Works are: i) Rs. 2 lakh, and ii) Rs. 50 lakh. Further, what action in regard to earnest money will be taken if in the case i) above the tender of the contractor is bonafide but not accepted due to not being lowest, and if in the case ii) above the tender is found to be non-bonafide? (7 marks)

Ans. In both the given cases, the Earnest Money will be @2% of the estimated cost of the works subject to the minimum of Rs. 5000. Thus, in the case i) although the 2% of the estimated cost of Rs. 2 lakh comes out to Rs. 4000 but the earnest money has to be at least Rs. 5000. So, in this case the EMD will be Rs. 5000 only. And, in the case ii) the earnest money will be 2% of 50 lakh, that is, Rs. 1 lakh. As regards action in the given situation of the case i), the earnest money will be refunded to the contractor as soon as possible after tenders have been scrutinized and accepting officer certifies the bonafide of the tender. In the case ii), however, the tender being non-bonafide, a reasonable compensation subject to the maximum of Rs. 100 may be recovered. **(Para 504, 511 RMES)**

Ans 8(a)

12(a). Define the term 'Barrack Damages'. How do the barrack damages normally come to notice? (3 marks)

Ans-8

Ans. Damages to buildings, fittings, fixtures and furniture caused willfully or by negligence are termed as barrack damages. These may consist of deficiencies, damages or unauthorized alterations. These are normally noticed during half yearly inspections, annual verifications of furniture and at the time of taking over accommodation. **(Para 633 RMES)**

8(b) ✓

12(b). Deal with the following situations of barrack damages as per orders on the subject. (2+2+2+1 marks)

- i) Barrack damages voucher has been prepared as per rules for recovery from an employee of a Unit and there is no dispute on the same.
- ii) If the above employee has disputed half of the total amount of the voucher
- iii) Barrack damages to an imported article has been done by an officer, but the cost of the article is not available
- iv) Urgent repair is needed but finalization of barrack damages voucher is pending

Ans. i) The voucher so prepared will be sent to the Unit concerned for having the amount paid by the employee in the nearest treasury

ii) In case of this dispute if Sub-area Commander/Bde finds the individual's plea correct then half of the amount as disputed will be regularized as loss to the state; else, recovery of the full amount of the voucher will be made.

iii) The recovery should be effected on the basis of the best acceptable indigenous substitute of the article. However, if at all, the article for replacement has to be imported then the full cost of import (cost of the article plus incidental expenses) will be recovered.

iv) Repairs may be carried out pending finalization of the barrack damages voucher. **(Para 635, 634 RMES)**

Paper-VI, Section-II (A) Army

(12 Ques. alongwith Model Answers & Authorities)

MD 1(a) 1(a) According to the Defence Service Regulations, how will a Commandant dispose of the following funds on the unit's disbandment? (3 Marks)

- (i) Regimental funds financed partly from public and partly from private money.
- (ii) Regimental funds financed wholly from public money.
- (iii) Private funds maintained entirely by voluntary subscription from service personnel.

Ans-1 Ans. (i) The funds will be refunded to Government in full.
(ii) The funds will be refunded to Government in full.
(iii) A statement of account with the OC's recommendation about disposal of the credit balance remaining after settling the accounts will be submitted to the Army Headquarters. Before submitting the proposal to Army Headquarters for these funds, it will be ensured that no liability is outstanding. To this effect a 'No Demand Certificate' will be submitted to the Army Headquarters along with the proposal. (Para 838 DSR Vol II)

1(b) 1(b). Can you, as an LAO, audit the Regimental Fund? Further, if the MoD has ordered the Defence Accounts Department to audit Regimental Funds of an Army Unit at Jabalpur, what action will be taken to comply with it? (7 marks)

Ans. Normally, the audit of Regimental Fund cannot be done by LAO. Audit of Regimental Funds is carried out by Station or Formation Audit Boards. Audit by an LAO may be carried out whenever called upon to do so by Div/Area or Brigade/Sub Area Commanders.

Based on the order from the MoD, necessary instructions will be issued to the CDA Jabalpur, the unit being situated in the Audit jurisdiction of CDA Jabalpur. The CDA Jabalpur will direct the LAO concerned for the subject audit. The LAO will conduct audit of Regimental Fund of the unit and furnish the report to the CDA for its submission to the Div/Area or Brigade/Sub Area Commander and the Ministry of Defence for further necessary action. The responsibility of the CDA ends with the submission of report. (Para 834 DSR Vol II)

2(a) 2(a). Payment issues of ASC & AOC stores and clothing to JCOs/ORs are priced by whom? Is this pricing subject to any scrutiny? If yes, who carries out the scrutiny? (3 Marks)

Ans-2 Ans. Payment issue transactions of ASC/AOC and clothing to JCOs/ORs are priced by units/depot authorities themselves. Yes, this pricing is subject to scrutiny. The pricing done is scrutinized by the LAO. (Para 223 (a) SAI)

- 4(b). Calculate payment issue rates for 50 Kg of meat and 200 Kg of butter if the local purchase of meat was made at Rs 100 per Kg and of Butter at Rs 150 per Kg. Total distance involved for the military vehicle for transportation of the above stores between Supply Depot and Unit ration stand was 15 KMs. The transportation charges are taken as Rs 10 per KM, and above items were transported separately. (7 Marks)

Ans. Payment issue rate will be arrived at after taking into account the cost of meat and butter according to the local purchase contract rates as given, plus transportation charges. In addition, departmental charges of 10% of the contract rate of meat, and 8% of contract rate for butter will be added to arrive at payment issue rates. Thus, for meat, the total cost will be 50×100 plus 10%; that is, Rs 5500 plus $15 \times 10 =$ Rs 5650. Accordingly, rate per Kg of the meat will be $Rs\ 5650 / 50 = Rs\ 113$. Likewise, the total cost of Butter will be 200×150 plus 8%, that is, Rs 32400, plus $15 \times 10 =$ Rs 32550. Accordingly, the rate per Kg of it will be $Rs\ 32550 / 200 = Rs\ 162.75$ per kg. (Para 227(b) SAI)

- 5(a). What are the "Repairable" and, the "Obsolete" stores? (3 Marks)

Ans. Repairable stores: The stores which can be economically repaired are called the Repairable Store.

Obsolete stores: The store which is declared as obsolete on its withdrawal from the Service due to its inefficiency to carry out required and intended role and there is no justification for its retention, or if required role has disappeared and it is of no use for any other role or it has been superseded by an improved store. (Para 256 SAI)

- 5(b). A CDA has considered it necessary to carry out physical verification of stock of an army unit. Describe the action to be taken in this regard. (7 Marks)

Ans. If requirement of physical verification of stock of the unit is considered necessary, intimation is sent by the CDA to the OC of the unit. The OC Unit will be approached for arrangement and assistance for the purpose. He will provide the LAO with sufficient departmental assistance in carrying out the stock verification. The stock verification will be carried out in the presence of stock holder. Stock verification report will be prepared by the LAO in duplicate and got initialed by the stock holder of the unit or his representative. The report will be prepared showing the position of 'stores actually held in stock' and that as per 'ledger balance'. A copy of the report will be given to OC unit, taking his initials, for investigation of the discrepancies, if any. (Para 294 & 295 SAI)

- 6(a). What is Ration and Forage Return? What does it contain? (3 Marks)

Ans. The Ration & Forage Return is the accounting of Ration/Forage, done by the Units/formations on IAFS-1519 in accordance with the general instructions on IAFS-1518. It contains:

(a) An account of rations received and issued or consumed,

(b) Account showing quantity and value of grain admissible and that consumed,

(c) Account showing quantity of fodder and bedding admissible and that consumed. (Para 151 SAI)

4/6 6(b). How the cases of recoveries of the Hospital Stoppages will be processed by the Military Hospital in respect of i) a serving Army Officer, ii) a JCO, and iii) a Civilian? (2+2+3 Marks)

Ans. The recoveries of the Hospital Stoppages will be processed by the Military Hospital as under:

- (i) Hospital Stoppages in respect of serving Army Officer will be prepared by the OC Military Hospital and forwarded to PCDA (O) Pune for recovery. Amount will be recovered by the PCDA (O) from the IRLA of the officer and acknowledgement will be sent to the Military Hospital. The acknowledgement will be recorded by the Military Hospital.
- (ii) Hospital stoppages in respect of a JCO will be prepared by the Military Hospital and forwarded to the concerned PAO (ORs) of the JCO for recovery. Amount will be recovered by the PAO (ORs) from the IRLA of JCO and acknowledgement will be given to the Military Hospital. The acknowledgement will be recorded by the Military Hospital.
- (iii) Hospital stoppages for civilians are recovered in cash at the rates prescribed by the OC hospital and remitted through MRO. These details are furnished to PCDA/CDA concerned for necessary adjustment. (Para 164 SAI)

11 9(a). What is the Scope of audit of linking of the receipts vouchers, the central purchase vouchers, and the local purchase vouchers? (3 Marks)

Ans-S Ans. The linking is carried out to the extent of 16 ½ percent of all receipt vouchers including those related to centrally purchased stores and locally purchased stores. However, in addition, 100% audit of vouchers above Rs 50,000/- and Rs 20,000/- vouchers of central purchase and local purchase respectively is conducted in local audit. (SI No 1 (B) (1 to 4) of Table of Appendix 'A' referred in para 33 ALAM Pt I)

5(b)

9(b). While conducting Local Audit you have noticed certain points given below. As per ALAM, categorise them as 'objection' or 'observation', as the case may be. Further, how will you prepare the objection statement distinguishing the objection and the observation? (5+2 Marks)

- (i) Unauthorized free issue of stores.
- (ii) Stores issued in excess of prescribed scales.
- (iii) Want of vouchers.
- (iv) Stores for which credit is not traced in the ledger accounts.
- (v) Delays in submission of accounts/returns.
- (vi) Unauthorized use of Government transport.
- (vii) Errors in accounts/vouchers not indicating deficit or surplus.
- (viii) Proper form of account has not been used.
- (ix) Irregular use of Railway Warrants.
- (x) Certain doubtful points noticed.

Ans-6(a)

10(a) Comment on the following.

(3 Marks)

- i) Unit has not produced auditable documents for audit and LAO has been corresponding in this regard with the OC Unit since last six months.
- ii) Losses relating to the surplus stores have been reflected in LAO's register of losses of stores.
- iii) Penal deduction of Rs 5000/- from the stores keeper ordered by the competent authority due to stores loss was noted for exhibition in Appropriation Accounts.

Ans-6

Ans. Following comments are offered.

- i) Non-production of auditable documents by the unit should have been immediately brought to the personal notice of Controller by the LAO through a special report. Merely corresponding with the OC Unit since last six months is not adequate.
- ii) Such losses are not to be shown in the register of losses of stores, as the Register of Losses of Stores is meant for preparation of Appropriation Accounts which does not consist of the stores losses related to surplus store.
- iii) Only the net amount, if any, remaining after the recovery from the stores keeper should have been shown in the Register of Losses of Stores. In other words, the amount of Rs 5000/- so recovered from the stores keeper

will not find place in the Appropriation Accounts. (Para 18 (a) and Note 1 & 2 below para 22 ALAM Pt I)

(b) 10(b). Write a short note on functions of the LAO in regard to rendering of Financial Advice. (7 Marks)

Ans. LAO should carry out an intelligent review of consumption of stores etc with a view to enable his Controller to bring into the notice of the executives the avoidable expenditure, if any. In this regard, the LAO should study carefully the items of financial advice circulated by CGDA from time to time, the reports of the DGADS on Appropriation Accounts of Defence Services, administration reports of the department concerned etc.

The LAO should maintain personal touch with ordnance officers attached to the Sub Area Headquarters to discuss the technical and administrative implications of ordnance stores.

The items of financial advice will not be included in objection statement. The LAO will discuss these items with the executives and report them along with the result of discussion to the controller for further action as considered necessary.

A record of financial advice rendered by the LAO will be kept by him in a register. A report on such items will be sent to the Internal Audit Section of Main Office quarterly for their compilations and submission to the HQrs office. (Para

12 to 16 ALAM Pt I)

Ans-7 11(a). What is Carter Patterson system? (3 Marks)

Ans. To ensure the fullest economical use of vehicles and POL, the Carter Patterson system is required to be followed. According to this system, if several units in a station have to collect supplies/stores from the same place, Station Transport Office (STO) should detail transport instead of each unit detailing its own transport. (Para 310 (vii) (B) ALAM Pt I)

24 11(b). Following new items of clothing were issued to a JCO who is retiring at the end of the current month. What action in regard to the clothing will be taken at the time of JCO's retirement? (2+2+3)

- (i) 1 Coat Combat with Hood & Inner Lining: PV Rate Rs 1500/- and residual life as on the last day of the current month is 80%.
- (ii) 1 Shirt Polyester Cotton Plain Weave OG: PV Rate Rs 800/- and residual life as on the last day of the current month is 30%.
- (iii) 2 Jackets Combat Disruptive issued four years back: PV Rate Rs 500/- and residual life as on the last day of the current month is 75%.

Ans. At the time of retirement of the JCO following action will be taken in each case.

- (i) The residual life is more than 50%, therefore, recovery to the tune of 25% of PV Rate, that is, Rs 375 will be recovered from the JCO.
- (ii) Residual life is less than 50%, hence no recovery will be made.
- (iii) The recovery is made in respect of costly items namely Shirt and Trouser Polyester Cotton Plain Weave OG, Coat Combat with Hood & Inner Lining, and Suit Terrywool. Therefore, no recovery will be effected in respect of 2 Jackets Combat Disruptive, specifically when the items were issued more than 3 years back. **(Para 5 read with para 42 Addenda-I to ALAM Pt I & II)**

Ans 8(a)

12(a). What are the objects of inspection of public fund accounts by LAOs? (3 Marks)

Ans-8

Ans. The main objects are (i) to ensure that prescribed accounts and documents are maintained (ii) to ascertain that the accounts are maintained strictly in accordance with regulation and orders (iii) to see that all the transactions are easily traced and correctly tallied (iv) to ensure that all monies including cheques and Government drafts relating to public funds have been duly accounted for and expended in conformity with regulations. **(Para 5 ALAM Pt II)**

(w)

12(b). How should the LAO verify the bank balance shown in the Cash Book while conducting inspection? Further, what should be his response to the following facts noticed while inspecting Public Fund Account of a unit? (2+5 Marks)

- (i) Self cheque for Rs 10,000/- has been drawn.
- (ii) A sum of Rs 4000/- has been shown as debited towards MRO.
- (iii) Overwritings and corrections seen in receipt side of the cash book.
- (iv) Cash book is maintained in IAFA 811.
- (v) Sale proceeds of old newspapers to the tune of Rs 5500/- are held with the Cashier since last 35 days.

Ans. The bank balance in the cash book will be verified by the LAO with the balance as shown in the pass book or bank statement after taking into consideration any subsequent withdrawals from and deposits into the bank. The reasons for any presented cheque remaining outstanding for a long time would be investigated.

The instances will be dealt with as under:

- (i) Self cheque for Rs 10,000/- has been drawn: This is prima facie irregular. Reasons should be looked in to and after thorough examination matter should be reported to higher authorities, if necessary.
- (ii) A sum of Rs 4000/- has been shown as debited towards MRO: Necessary documents such as source document for the amount received, TR, and Acknowledgement of MRO from the controller's office should be checked to verify the facts.
- (iii) Overwritings and corrections in receipt side of the cash book: Corrections and overwritings have to be attested by the Cash Officer. All such entries should be verified from the original documents. If considered necessary, more items may be checked.
- (iv) Cash book is maintained in IAFA 811: It is in order.
- (v) Sale proceeds of old newspapers to the tune of Rs 5500/- are held with the Cashier since for last 35 days: These should have been remitted into Govt account through MRO without delaying so much. Observation should be raised on the same. **(Note below Para 39, Paras 44 (iv), 42 (ix) (b), 42 (ii), 46 (i) and 46 (xx) ALAM Pt II)**

XXX

S.A.S. EXAMINATION – PART II

MAY 2014

PAPER VI- THEORY (WITHOUT BOOKS)

(B) AIR FORCE

**SECTION-II (STORES ACCOUNTS AND
INTERNAL AUDIT)**

NOTE: Questions with model answers and authorities.

Q.3 Write Short notes on:

(02 ½ Marks each)

- a) Active Stores (Auth: Glossary of terms IAP 1501)
- b) Inactive Stores (Auth: Glossary of terms IAP 1501)
- c) Yield of Repair (Auth: Glossary of terms IAP 1541)
- d) Interchangeable items (Auth: Glossary of terms IAP 1541)

Ans-1

Ans) (a) Active Stores consists of :

- i) all new equipment
- ii) Equipment in current use.
- iii) Equipment which is no longer in current use but which may be required in emergency.
- iv) Valuable and attractive items.

Ans 3. (b) Inactive Stores consists of :

- i) Stocks, except those of air borne equipment pertaining to current Aircraft, not in current use and on which there have been no issues for the past three years.
 - ii) Obsolete equipment/aircraft going out of service and their specific type spares.
 - iii) Items already put up or be put up for disposal including salvage.
- (c) Yield of Repair: The actual quantity rendered or likely to be rendered serviceable through repair out of given number of repairables. Percentage of yield of repair of an item represents the quantity likely to be rendered serviceable if one hundred repairables of that item are taken up for repair.
- (d) Interchangeable items: An item which can be used in place of another without involving structural modification of the main equipment .

Ques-2

(a) Why IAFF (Q) 429 is called a **Combined Voucher** and how many copies of Combined Vouchers are prepared? (05 Marks)

Ans-2

Ans) IAFF (Q) 429 is called a Combined Voucher is used for all transfers of equipments between Air Force units in India and fulfils three main functions viz.:

- i) Demand for equipment on the supplying unit.
- ii) Acts as an issue voucher for striking the equipment off charge at the supplying unit.
- iii) Acts as receipt voucher at demanding unit for bringing on charge the equipment received.

It is prepared in quadruplicate with the copies printed in coloured inks for easy identification.

(Auth: Para 05 & 06 Chapter 04 of IAP 1501)

Ans 4.(b) Name the specific colors to all the copies of the IAFF (Q) 429 Combined vouchers and how the controlling no. is allotted to this demand vouchers?
(05 Marks)

Ans) The colours of the copies of the IAFF (Q) 429 Combined vouchers are as follows:

1 st Copy (Black)	-	Consignor's Stock Record copy
2 nd Copy (Blue)	-	Issue and acknowledgement receipt voucher
3 rd Copy (Red)	-	Consignee's Receipt voucher
4 th Copy (Filmsy Black)	-	Office copy of unit demanding

(Auth: Para 07 , Chapter 04 of IAP 1501)

Q3 (a) What does the following stand for:

(06 Marks)

Ans-3

- i) **D.G.S&D.**
(Director General of Supply & Disposal)
- ii) **I M M O L S**
(Integrated Material Management Online System)
- iii) **P.A.C.**
(Proprietary Article Certificate)
- iv) **F.O.R.**
(Free on Rail/Road)
- v) **G I G**
(Global Index Galary)
- vi) **C.O.T.S**
(Commercially off the Shelf)

Ans 5.(b) State True or False :

(04 Marks)

Q6)

- i) Second level maintenance of a specialist vehicle is the responsibility of Indian Air Force.

Ans) **True**

(Auth: Para 71, Chapter 20 of IAP 1501)

- ii) A conversion voucher is raised to convert the unserviceable stores into salvage.

Ans) **True**

(Auth: Para 111(b), AFLAM)

- iii) Payment of demurrage bill is made in cash.

Ans) **False**

(Auth: Para 40, Chapter 41 of IAP 1501)

- iv) Children below the age of 05 years admitted in MH are given the half the scaled diet authorized for adult.

Ans) **False**

(Auth: Note 01 below para 266 AFLAM)

Ans 4(a)

Q 6) (a) Illustrate the instructions to be followed for dispatch of MT vehicles by Rail.

(06 Marks)

Ans-4

Ans) The following instructions are to be complied with when dispatching MT vehicles by rail:

- i) All petrol is to be drained from the petrol system.
- ii) The radiator is to be emptied.
- iii) All crates and boxes containing parts and equipment of a vehicle are to have a packing note affixed to the inside of the lid showing contents and the make and broad arrow number of the vehicle concerned. Components parts of more than one vehicle are not to be packed in same case.
- iv) The weights of all cases are to be checked by the consignee when accepting delivery.

- v) When the weight of cases containing vehicles or heavy stores loaded on to trucks exceeds 508 Kg, the dispatching authority is to arrange that cases are placed on wooden blocks so that the cases is raised at least 10 CMS to facilitate unloading.
- vi) All openings, such as those left by the removal of radiator caps, petrol tank caps, sparking plugs, compression taps, etc, are to be closed against the entry dust etc., with specially made metal caps of right-fitting wooden plugs.
- vii) The wheels of vehicles are to be scotched and each wheel is to be securely lashed to the truck, to prevent any movement of the vehicle while enroute. The hand brake lever is to be pulled hard on, and the gear lever placed in first gear position.
- viii) A note is to be made of the railway truck number and the number mark, etc of the vehicle it contains.
- ix) Unserviceable vehicles, before dispatch, are to be equipped with tyres whose useful running life is finished

(Auth: Para 95 , Chapter 03 of IAP 1501)

Q 6.(b) 32 Wing AF has opted to transport the Air Force equipment through a state transport without tendering. Comment.

(04 Marks)

Ans) The action of the unit is in order as where state transport is available, the contract should be placed with them without reference to other transport companies.

(Auth: Para 147 of Chapter 03 of IAP 1501)

Ques-5 (a) What do you mean by **Living out Ration Allowance** and **Leave Ration Allowance**. What is the **maximum permissible period** in a year an Airmen is entitled for Leave Ration Allowance?

(07 Marks)

Ans-5 Ans) Living Out Ration Allowance is an allowance paid to airmen in lieu of rations in kind when they are authorized to live out. Normally where the allowance is in issue continuously Personnel Occurrence Reports to that effect are promulgated on 1st April and 1st October each year but in case of casualty, Personnel Occurrence Reports regarding commencement and cessation of the allowance are promulgated as and when casually occurs.

Leave Rate Ration Allowance is paid to all airmen when they proceed on leave. The maximum permissible limit for Leave Rate Ration Allowance is 75 days in a year.

(Auth: Para 392 and 393 of AFLAM)

Q. 8 (b) JWO M.K. Yadav was on Annual leave from 05th Dec 2013 to 12th Jan 2014 and drew living out ration allowance for above period. Comment.

(03 Marks)

Ans) The drawal of living out ration by the JWO while on leave is not in order. Living out ration allowance is not drawn for the period of an airmen while he is on leave.

(Auth: Para 392(iv) of AFLAM)

Q 9)

(a) In how many categories the maintenance of MT vehicles are divided. Briefly describe?

(08 Marks)

Ans-6 Ans) Maintenance of MT vehicles is divided into four sections which are as follows:

- i) **First Line Maintenance:** This maintenance is carried out for daily inspections, 804 KM and Minor Repairs and Running Repairs 3218 KM.
- ii) **Second Line Maintenance:** This maintenance is carried out for repair beyond the first line maintenance on quarterly basis and replacement of major items.
- iii) **Third Line Maintenance:** This maintenance is for major repairs and overhauls.
- iv) **Fourth Line Maintenance:** This is complete base maintenance by dismantling, overhaul and rebuilding.

(Auth: Para 70 , Chapter 20 of IAP 1501)

(b) Fourth level maintenance of Common User MT vehicle was carried out by 15 BRD, Air Force. Comment.

(02 Marks)

Ans) The action of the unit 15 BRD is not in order as EME base of Army is responsible for fourth line maintenance of common user vehicles for IAF.

(Auth: Para 70 , Chapter 20 of IAP 1501)

Q 11)

(a) What is Administrative lead time and Delivery lead time? (04 Marks)

Ans-7

Ans) **Administrative lead time** is the initial processing period for procurement of stores which starts from the review of the requirement assessed on the basis of the last usages, present trends of consumption and future planning by adopting the proper material management technique, acceptance of necessity, floating of tender etc and placing of the supply order and also the time required for receipt, inspection and bringing on charge the materials.

Delivery lead time is a period in between the placing the supply order and receiving the consignment to consignee's end and is related to the supply period or delivery period which is dependent on the time taken by the manufacturer and supplier.

(Auth: Para 16, Chapter 01 of IAP 1541)

(b) The periodicity of which lead time out of the two above can be reduced by the Provisioning authority? (03 Marks)

Ans) Since, the Administrative lead time is well within the control of Provisioning Organisation, the periodicity of the same can be reduced by adopting simplified procedures for finalisation and approval of requirements

(Auth: Para 16, Chapter 01 of IAP 1541)

(c) Describe the main purpose of ABC Analysis of inventory management in Air Force? (03 Marks)

Ans) For inventory control, regular stock items are divided into three categories i.e. A- high value items, "B"- medium value items and "C" low value items. With ABC control, it is possible both to minimize the risk of stock-outs and to reduce investment inventories.

In the absence of this categorisation every item gets same degree of control and monitoring resulting into wastage of time money and manpower.

(Auth: Para 24, Chapter 01 of IAP 1541)

Q 8

(a) State which Category of Stores the following equipment belong to:-
(05 Marks)

Ans-8

(i) Equipment which is fit for re-issue after service.

Ans) Category 'B' Stores.

(ii) Equipment which is beyond economical repair.

Ans) Category 'E' Stores.

(iii) New and unused equipment.

Ans) Category 'A' Stores.

(iv) Equipment which on inspection show need of repairs.

Ans) Category 'D' Stores.

(v) Serviceable Equipment subject to functional test .

Ans) Category 'C' Stores.

(Auth: Para 60, Chapter 12 of IAP 1501)

(b) Define Rotable spares and Serviceable spares.

(05 Marks)

Ans) **Rotables** are the items which are capable of being repaired and re-used. This term is used to denote those items which

a) Have had or are expected to show turn over at the flying units as a result of normal usage.

b) Are considered economical to repair for re-use and

c) Which can be replaced by flying unit and, when beyond the capacity or authority of the flying unit to repair, must be returned to the appropriate repair agency for repair/overhaul.

Serviceable spares/equipment are the items which have no known defect and is fit for immediate use.

(Auth: Glossary of terms IAP 1501)

WITHOUT BOOKS

MODEL ANSWERS

✓ Analytical

(a) NBCD Stores are those items required for protection from Nuclear, Biological and Chemical Warfare Hazards and also for Fire Fighting and Damage Control operations

(Para 1.10 Material Planning Manual)

✓ (b)

(b) ABC Analysis and VED Analysis are 2 techniques of Inventory Control. In ABC Analysis items of Stores are classified according to their annual consumption value. A small number of items account for a large portion of the annual value of stores consumed. The items are ranked in the descending order of Annual Value of consumption. The first 5-10% are categorized as 'A' Category items. As a CMP I will concentrate most efforts on these items as better inventory control over them will result in big savings.

VED Analysis is based on criticality of spares. Spares are classified as

Vital - Whose stocking is absolutely essential to ensure continuity of operations

Essential - Those spares whose non-availability may not adversely affect operations

Desirable - The non-critical items

As a CMP, I will ensure that Vital items do not run out of stock. I will use a combination of ABC Analysis and VED Analysis for best results.

(Paras 5.11 & 5.13 Material Planning Manual)

Ans 2(b)

(Para 8.10 Procurement Manual)

- 3 (a) Stage Payments can be considered in case of Products which are expensive and have a long lead time. They can also be considered for contracts like ship-building or fabrication. ~~The procurement of such products is not possible.~~

(Para 11.5 Procurement Manual)

2 (b)

Since delayed payments are a big disincentive for firms to do business with the Navy, it must be ensured that prompt payment of Supplier's Bills is done to avoid blocking up of his money. The following parties could be responsible in part / total for delayed payments :-

- (i) Bill Section of CPRE - for not processing the Bill in time
- (ii) Inspection Agency - for delays in inspecting the product
- (iii) Storehouse / Warehouse - for not preparing the Receipt Voucher in time
- (iv) Pre-audit & Payment Sections of PDA (Navy) - for not passing the Bill on time

(Para 1.20 Procurement Manual)

Ans 3(a)

3 (a) Rate Contracts can be concluded for the following types of items :-

- (i) Those required regularly
- (ii) PAE items
- (iii) Items having a limited shelf-life
- (iv) Items that are difficult to store
- (v) Items consumed by Units having a large geographical spread

(Para 2.12 Procurement Manual)

- (b) I will check the performance of each Vendor against the following criteria:-
- (i) Quality - This can be assessed from the Inspection Reports and feedback from actual Users
 - (ii) Price Competitiveness - One can see the Vendor's record in securing orders against quotations submitted by him

Ans-4

(a) Ranging and scaling of spares is a process of assessing the requirement of spares in respect of each item fitted on board a ship

(Para 7.6 Material Planning Manual)

(b) I will consider the following other factors while planning for the quantum of spares to be procured:-

- (i) Life of Equipment
- (ii) Periodicity of routines/overhauls
- (iii) Population of the equipment in the Navy
- (iv) The numbers fitted on the ship
- (v) Criticality of Equipment
- (vi) Planned exploitation of equipment

(Paras 7.7 & 7.8 Material Planning Manual)

(c) The NLAO does not have any audit jurisdiction over Regimental Funds of a Naval Establishment. Therefore, he cannot audit the Regimental Fund Cash Book.

Ans-5(a)

Ans-5

(a) The following are the duties of the Technical Directorates in respect of Indigenisation:-

- (i) Identify the equipment required to be indigenised
- (ii) Specify the qualitative requirements of items to be indigenised
- (iii) Identify available indigenous items that can substitute imported ones

(b) ... that can supply the
indigenised items

(Para 9.8 Material Planning Manual)

(b) The following factors will guide me as a
member of the Committee :-

SE

- (i) Criticality of the item
- (ii) Cost saving potential
- (iii) Vulnerability to export control
- (iv) Likely lead time pre-indigenisation and post-indigenisation
- (v) Likely obsolescence period
- (vi) Technology availability in India

(Para 9.3 Material Planning Manual)

Ans-6

(a) A Ship's Warrant is a detailed list of allowances of Permanent Stores for each Ship on first commissioning or restoring after conversion/modernisation. This is issued by the Naval Hqs.

(Article 45 of Naval Storekeeping Manual)

Q3

(b) A Store can be used for manufacture of an article to replace others which have been lost or expended for another purpose. For this, a Conversion Form is prepared by the Departmental Office concerned. The Conversion Form will indicate

- (i) The circumstances which render the Conversion necessary
- (ii) The particulars of stores required
- (iii) Details of Loss Statement if any
- (iv) Articles to be manufactured

On completion of the Conversion, the Conversion Form will be retained and used to issue components supplied for the conversion and taken on charge in the Store Account the article manufactured

(Article 98 of Naval Storekeeping Manual)

Ans 7

(a) The NAO will see that Hospital Stoppage Rolls are correctly prepared as per orders wherever necessary. He will verify if number of days shown in the Hospital Stoppage Rolls is correct with reference to the Admission & Discharge Register. He will also see whether the Hospital Stoppage Rolls have been sent to the appropriate authorities for recovery and their acknowledgements obtained. He will satisfy himself that recoveries have been made correctly at the appropriate rates in the Government orders

(Para 156 NAO's Manual)

75 (b) Yes, the Captain of a visiting foreign National Ship who falls ill can be admitted to the Naval Hospital at Kochi. It has to be ascertained as to whether the country to whom he belongs has a reciprocal arrangement with India to treat Indian Naval personnel visiting that country free of cost if they fall ill. If no reciprocal arrangement exists, Hospital Stoppage Rolls are recoverable from the Captain of the Ship.

(Para 156 NAO's Manual)

Ans 8

(a) Stores are taken on charge by a Storekeeper on the following occasions:-

- (i) Receipt of Stores from Suppliers
- (ii) Transfer of Stores from another Storehouse/Depot
- (iii) Receipt through survey
- (iv) Receipt on repair
- (v) Rejection by demanding unit
- (vi) Surplus found

(Para 15-1 Material Planning Manual)

12 (b) A change in condition occurs when an item undergoes a change to its original condition while being stored in the Material Organization.

QW

As a Material Superintendent, I will take the following steps:-

- (i) Have the matter investigated to identify the cause of such change and facilitate preventive and remedial action
- (ii) If feasible, undertake repair of the item
- (iii) If the investigation reveals that the deterioration has occurred because of negligence, I will initiate administrative action against those responsible
- (iv) If the item is rendered unserviceable, I will ^{ensure} that a Loss Statement is raised.

(Para 15.8 Material Planning Manual)

Model Answer Papers**Defence Accounts Department****SAS Examination Part-II****May, 2014**

अनुभाग-11 (भंडार लेखा तथा आंतरिक लेखा परीक्षा) (घ) फैक्ट्री)

Section -II (Store Accounts and Internal Audit) (D) FACTORY (Without Books)

प्रश्न. 2 (अ) आयुध उपस्कर निर्माणियों में प्रचलित लागत लेखांकन प्रणाली की मुख्य विशेषताओं का वर्णन कीजिए।

Qus.2 (a) Describe the salient features of the cost accounting system prevailing in the Ordnance and Ordnance Equipment Factories. (4 अंक / Marks)

(आ) लागत कार्डों के रख-रखाव के पीछे मुख्य उद्देश्य क्या है?

(b) What is the main objective behind maintaining of cost cards? (3 अंक / Marks)

Ans.1 (a) The salient features of the costing accounting system prevailing in the Ordnance Factory and Ordnance Equipment Factory are given below:

- Orders are placed on the shops in the shape of manufacture and material warrant for convenient batch or quantity which can be completed in three months.
- Warrant alongwith the standard estimate forms the main instrument for control over utilisation of labour and material on an individual job or batch. This also forms the basis for compilation of cost.
- Warrant is the authority for utilisation of labour and drawal of materials.
- Expenditure incurred under the elements of cost viz. Labour, Materials, Variable Overheads and Fixed Overheads are collected warrant-wise.
- After the closure of warrant the actual cost is compared with the estimated cost under different elements of cost.

Costing Methods are different for conversion of timber, foundry etc.

The technique of "Marginal Costing" is employed while quoting for civil trade.

Standard Costing System envisages the determination of standard compilation of actuals and working out of variance in respect of Direct Labour, Direct Material and Overhead for each components, sub-assembly or assembly manufactured against a warrant in a section of the factory.

[Auth: Para 62 of OM Pt. VI.Vol.I]

- (b) The object of maintaining cost card is for purpose of "Cost Ascertainment" and Cost Control by analysing figures of variations into facts in its time perspective, so that the management may be aware of the cost results for any timely action, when deemed necessary. Closing of Cost Card, Compilation of process costs, foundry Costs etc. are very important items of work requiring keen insight, extra inquisitiveness, intelligent scrutiny, sound judgement and above all promptitude in action.

[Auth: Para 62 of OM Pt. VI.Vol.I]

प्रश्न. 4 निम्नलिखित पर संक्षिप्त टिप्पणी लिखें—

Qus.4 Write short notes on the following-

(अ) निरीक्षण नोट।

(a) Inspection Notes

(आ) अक्षमता शीट।

(b) Inability sheet.

(इ) अनावर्ती दरें।

(c) Non-recurring Rates.

(ई) स्टोर लेजर।

(d) Store Ledger.

(उ) वितरण प्रमाणपत्र।

(e) Disbursement Certificate.

(2X5=10 अंक / Marks)

Ans. 4 (a)

Inspection Note- The voucher which is used for articles manufactured in a factory for stock. In the Ammunition Factory Kirkee and Leather Factories this is usually called an 'O' vouchers. In other factories this is called a CS voucher.

[Auth: Serial no. 19 of Appendix B of FAR]

Ans-2

- (b) **Inability Sheet-** Is a document on which the Store holder when the Stock has gone below a fixed limit so that arrangements may be made for replenishment. It shows stock in hand, due average consumption liabilities in sight and requirement to meet liabilities.

[Auth: Serial no. 18 of Appendix B of FAR]

- (c) **Non-recurring Rates-** Ordinarily all types of rates are provided for in the standard estimates. But in exceptional cases after a job is taken up or put in operation some addition to labour rates and/or material (over and above the provisions in the standard estimates) may be sanctioned through non-recurring rates forms for the purpose of covering some sundry job of a non-recurring nature required to bring the material to the correct size or shape or to rectify defective forgings on castings or for similar jobs of a non-recurring nature. The use of such non-recurring rates should be restricted to the absolute minimum and can be resorted to only for special reasons to be recorded in writing for the scrutiny of the Accounts Officer in audit.

[Auth: Rule 32(D) of FAR]

- (d) **Store Ledger-** This is the orthodox store accounting document generally in loose leaf form in which the Accounts Office both in quantity and value records all transactions affecting factory stock.

[Auth: Serial no. 43 of Appendix B of FAR]

- (e) **Disbursement Certificate-** The document wherein the total amount of advance paid, amount disbursed to the IEs, the balance refunded to the treasury and recoveries made from the IEs on account of rent, fines etc. are noted.

[Auth: Serial no. 10 of Appendix B of FAR]

प्रश्न. 3 (अ) कीमतयुक्त सामग्री लेखा तथा कीमतयुक्त भंडार खाता के समाधान का क्या उद्देश्य है? इसे कितने अंतराल पर किया जात है?

Qus. 3 (a) What is the purpose of reconciliation of Price store account and Priced Store Ledger?

(आ) कीमतयुक्त भंडार खाते में अपरंपरागत शेष क्यों उत्पन्न होते हैं ? संक्षिप्त विवरण दें।

(b) Why do unorthodox balance arise in the Priced Store Ledger. Explain briefly.

(5 अंक / Marks)

Ans. 3 (a) Priced Store Account (PSA) and Priced Store Ledger (PSL) – The receipt and issue vouchers, on receipt by the general check are passed on to the individual responsible maintaining the priced store schedule (PSS). Separate schedule is maintained for 'Receipt'. The vouchers are entered in the serial order and date of receipt voucher is posted against the voucher immediately on receipt. Thereafter after the vouchers will be priced, classified and posted under relevant heading of the PSA and passed on the same day for posting in the priced store ledger after matching the vouchers. This is done expeditiously. As the month advances, the auditors maintaining the PSS contact the factory staff for missing numbers if When the month is over, the receipt of list from management showing the serial number of vouchers cancel the blank numbers should be watched. It is ensured that all vouchers have been received. Missing/Wanting vouchers are called for from the factory.

When all the vouchers have been accounted for PSS is totalled and closed Except blank and cancelled numbers the serial numbers of vouchers that could not be received in PSS, over the signature of AO, material section. When closing the PSS, in addition to the certificate regarding the agreement of the PSL and PSS balance number of vouchers not accounted for, brief reason therefore should be recorded in PSS, over the signature of AO material section.

[Auth: Para 418 of OM Pt VI Vol-I]

- (b) Unorthodox balances in the Price Stores Ledger arise because of the following reasons:
- Store documents are not promptly priced and posted chronologically in the ledgers. Priority is also not given to the posting of receipt documents in the chronological order over the issue documents.
 - Monthly Average Ledger Rates are not worked out every month.
 - Receipt adjustments including counter adjustments are not countered by adjustment to issue where necessary.
 - Prompt action is not taken to obtain the wanting receipt documents.

[Auth: Para 426 of OM Pt VI, Vol.I]

Ans-3

प्रश्न. 4

सामग्री X के 400 मैट्रिक टन को प्राप्त करने से संबंधित एक टेंडर खरीद समिति की बैठक के लिए आप अपने वित्त एवं लेखा नियंत्रक की सहायता कर रहे हैं। वे विभिन्न मुद्दे कौन-कौन से हैं जिन्हें आप देखना चाहेंगे और टिप्पणी में उजागर करना चाहेंगे।

Ans. 4

to Procurement of 400 metric tonnes of 'X' material. What are the various points you would like to look into highlight your note?

(10 अंक / Marks)

The following important points may be looked into and highlighted in the note while scrutinizing the case for procurement of 400 MT of 'X' material while assisting the CFA before the TPC:

- (i) That the quantity ordered is in conformity with the quantity of net requirement for the provisioning period as shown in the Material Planning Sheet. The SHIS may be carefully examined to ensure that the same has been correctly prepared and audited by the LAO.
- (ii) If it is a case of open tender whether utmost publicity has been given through proper advertisement, if it is a case of limited tender, if the tender has been given to all the established sources.
- (iii) The adequacy or otherwise of competition, whether all established past suppliers including the last, were covered by the tender enquiry, in case the competition is inadequate, whether there is scope for retendering consistent with the required delivery schedule.
- (iv) The rates tendered compare favourably with the last paid rate.
- (v) Terms of delivery and date of delivery have been specified and are related to rate of consumption.
- (vi) In case the item in question is proposed to be procured is of proprietary nature, necessary certificate has been rendered by the competent authority and kept on file.
- (vii) The comparative statement of tenders has been correctly prepared.
- (viii) The delivery dates offered in the tenders are in tune with the requirement projected by the factory management.
- (ix) The payment terms are as per the normal terms and conditions under the extant subject orders.
- (x) Any special conditions specified in any of the tenders may need to be highlighted.

[Auth: para 358 of OM Part VI, Vol I]

प्रश्न. 5 (अ)
Qus. 5 (a)

लेन-देनों के वे कौन से प्रकार हैं जिनका कीमत-निर्धारण मासिक औसत खाता दर पर किया जाता है?

What are the types of transaction that are priced at monthly averaged ledger rate?

(3 अंक / Marks)

- (आ) मानक प्राक्कलन निर्माणी प्रबंधन द्वारा किस प्रकार तैयार किए जाते हैं और किस प्रकार लेखा कार्यालय द्वारा उनकी कीमत का निर्धारण किया जाता है?
- (b) How are standard estimates prepared by Factory Management and priced by Accounts Offices?

(3 अंक / Marks)

- (इ) उन कुछ कारणों की संक्षेप में व्याख्या कीजिए जिनके कारण वास्तविक श्रम तथा सामग्री लागत प्राक्कलित लागत से भिन्न होती है।

- (c) Briefly explain some reason on accounts of which Actual Labour and Material Cost vary from estimated cost.

(4 अंक / Marks)

Ans. 5 (a) The following categories of issues are priced at monthly average ledgers:

- (i) All issues to shops on demand notes.
- (ii) Issues to other factories on issue vouchers or stock transfer notes.
- (iii) Issue on payment to Air Force, Navy Research and Development Organisation.
- (iv) Issues on payment to MES Departmental charges at 5% will be levied only if cost of store is debitable to work/projects.
- (v) For pricing materials provided in standard estimate, semi statements.

[Auth: Paras 422-24, page 114 OM Pt. VI Vol.I]

- (b) Standard estimate of labour and material are maintained for all the important standard items of manufacture in each factory. These estimates are prepared by the factory after proper time and motion studies and with due allowance for wastage and rejection and affording credits for standard recoveries. The percentage of rejection is indicated as minimum and maximum percentage on receipt of these estimates in Accounts Office for pricing and post-audit. The Labour Section will verify the labour operation and rates with reference to original sheets of piece work rates i.e. data card operation sheets rate forms etc. and levy the DA at constant DA percentage of the section. Similarly, the material portion will also be verified by Material Section. Thereafter this Section will price the material with the latest monthly average rate or with estimate or approximate rates. Finally, Costing Section will levy variable and fixed overheads at the annual budgeted rate. A summary of the value under Labour together with appropriate levy of Dearness Allowance percentage, materials, variable and fixed overhead will be exhibited on the front page showing the minimum and maximum

percentage of rejection.

[Auth: Paras 601, page 3 OM Pt. VI Vol.II]

(c) The labour cost which included dearness allowance on percentage basis may vary from the estimates due to variation of the actual percentage from the estimated one. It may vary due to rejection performance of more or less operation than provided in the estimate. It may also vary due to wrong preparation or pricing of piece work card or employment of day work workers instead of piece worker involving changes in method of manufacture.

The material cost is liable to vary from estimated on account of high rejection, using alternate material. Marked cost may also vary due to time lag involved, the monthly average ledger rate prevailing at the time of pricing estimate may not be same as the rate prevailing at the time of drawal of different material provided in the warrant. Variation due to rejection, replacements, wrong preparation or pricing of demand return notes, transfer vouchers.

The overhead charges may also vary due to variations, rejections, replacements and performance of more or less operation than provided in the estimate. It may also vary due to wrong posting of cost cards, wrong estimate of the value of semi etc.

[Auth: Para 629 of OM Pt. VI Vol.II]

प्रश्न. 8

Qus. 8

निम्नलिखित की व्याख्या करें-

Explain the following:-

- (अ) प्रारंभिक व्यय
(a) Preliminary Expenses.
- (आ) विकास व्यय।
(b) Development Expenditure.
- (इ) आस्थगित राजस्व व्यय।
(c) Deferred Revenue Expenditure.
- (ई) अनंतिम भुगतान।
(d) Provisional Payments.

(2.5X4=10 अंक / Marks)

Ans. 8 (a) **Preliminary Expenses :-** The term preliminary expenses covers all revenue expenditure incurred on the established of a project in the existing new factories from project planning to final stage. The changing of preliminary expenses should commence when production is established. The commissioning, there may be trickle production for some time before regular batch/bulk production under taken. During this stage over head charges incurred are absorbed only partially, the over head charges fixed by the GM of the factory.. The unabsorbed overhaed charges incurred during this phase production are treated as preliminary expenses. The itme trickle production should production upto 5% of the full/planned/installed capacity.

[Auth: Para 10 of Appendix A of OM Pt. VI Vol.II]

(b) **Development Expenditure :-** When manufacture of new store involves expenditure of development nature, extracts issued by OFB in consultation with finance division, OFB will be the word 'Development' . In case where extracts is not marked so initially OFB may in consultaion with the finance division (OFB) authorise separatly that the manufacture of the stores to be taken on development basis. When some components required for such a store are manufactured in other factories the IFDs placed by the main factory may be enfaced as development IFDs if it transpires that development work will also be necessary in the manufacturing of the components..

[Auth: Serial no. 7 Appendix A of OM Pt. VI Vol.II]

(c) **Deferred Reveneue Expenditure:-** When heavy expenditure is incurred on repairs and is spread over several years, the incidence of change will not be met from revenue budget approval of OFB for treating the expenditure as deferred revenue and the period over which the expenditure is to be spread over should be looked for in audit before the expenditure is actually incurred. Supplementry work order should be properly enfaced as 'Deferred Expenditure' and control number 9 should be used in the first digit of the five digits code representing the main work order. In respect of all SWODs for deferred revenue, cost cards are maintained. A new account 'Deferred Revenue Expenditure' should be prepared in the Principal Ledger.

[Auth : Appendix 'A' OM PT-VI Vol-II]

(d) **Provisional Payments:-** GM/DGOF/OFB HQrs are competent to authorize provisional payments with the approval of the Accounts Officer concerned, Jt CFA/Asst CFA respectively. Provisional payments made in exceptional circumstances in anticipation of the receipt of the sanction of appropriate authority or of additional funds to cover the expenditure are known as 'Provisional Payments'. Cases may arise where sanction of appropriate authority exist and funds are available yet payments cannot be made to the parties concerned on account of lack of documentation or for lack of time for verification of the particulars or for the completion of audit requirements.

Provisional payments will not be authorized where there is no authority. In case of lack of funds, it should be ensured that funds would be forthcoming from OFB. When third parties are involved and there is a definite legal liability to pay, payment should not be withheld but each case should be decided on its merits and on the strength of the legal advisor may be consulted in doubtful cases.

In rare cases when the GM does not agree with the view of the AO, he may authorize provisional payments on his own responsibility and report such cases to the Member concerned with copy to Member (Finance).

[Auth: Paras 374-378 of OM PT VI Vol-I]

- प्रश्न 7. (अ) आयुध निर्माणी प्रबंधन किस आधार पर देशी/विदेशी स्रोतों से भंडारों की खरीद की लिए प्रस्तावों को प्रारंभ करता है ?
- (a) On what basis the Ordnance Factory Management initiate proposal for purchase of store from indigenous/ foreign source? (3 अंक/Marks)

- (आ) निम्नलिखित के संबंध में स्टॉक-धारण का अधिकतम स्तर कितना होना चाहिए:
- (1) साधारण देशी मदें।
 - (2) मुश्किल देशी मदें।
 - (3) आयातित मदें।

- (b) What should be the optimum level of stock holding in respect of :
- (i) Ordinary indigenous items.
 - (ii) Difficult indigenous items.
 - (iii) Imported items.

(3 अंक/Marks)

- (इ) सामग्री योजना शीट तथा भण्डार धारक की असमर्थता शीट की तुलना करें और भेद बताएँ।

- (c) Compare & Contrast Material Planning Sheet & Stores Holder Inability Sheets. (SHIS) (4 अंक/Marks)

- Ans. 7 (a) The proposal for purchase of stores whether indigenously or from foreign source is based on actual requirements work out with reference to realistic production programme. The stock in hand, dues (ie orders placed for which stores are still to be received and liabilities (ie requirement of material for meeting the demand). In case of maintenance and other general purpose, stores provisioning is made on the basis of the monthly average consumption for the past eighteen months,

[Auth : Para 341 OM Pt VI Vol-I]

- (b) The optimum level and stock holding for ordinary indigenous items = 06 months
For difficult indigenous items = 18 months
Imported items = 12 months
Non stockpile items = 09 months

[Auth : Para 342 OM Pt VI Vol-I]

- (c) Stock Holder Inability Sheet (SHIS). In this document the stock holder represents his inability to supply a store when the stock has gone below a fixed limit. This facilitates arrangement for replenishment. It shows stock in hand, dues, average consumption to meet the demand. The Store holder inability receipt is monitored in the Accounts Office and 10% of the inability sheets are selected for checks in the Accounts office.

Material Planning Sheet (MPS) : Material Planning Sheets are initiated by the Planning Wing of the Ordnance Factory with the assistance of Factory's EDP centre. The planned procurement of the material is indicated in the sheet based upon opening balance of stock as on date, estimate for material requirement, primary documents like receipt and issue vouchers, demand return notes, The initial data of stocks and dues are kept in magnetic tapes.

Thus while the Store Holder's Inability Sheet is initiated by the storekeeper, the Material Planning Sheet is generated by the Planning /EDP Section of the factory. In case of SHIS, the stock as on a particular date, may be checked with ledger and bin card balance, whereas in MPS the stock is updated with reference to primary documents.

[Auth : Para 349-350 OM Pt VI Vol-I]

प्रश्न. 8 (अ) व्यय की उन किन्हीं पाँच मदों का नाम बताए जो फैक्ट्री के लागत खाते में तो प्रकट होती हैं, लेकिन वित्तीय खाते में प्रकट नहीं होती हैं?

Qus. 8 (a) Name any five items of expenditure which are appearing in cost accounts but do not appear in final Accounts of the Factory. (5 अंक / Marks)

- (आ) व्यय की उन किन्हीं पाँच मदों का नाम बताए जो फैक्ट्री के वित्तीय लेखे में तो ली जाती हैं, लेकिन लागत खाते में नहीं ली जाती हैं।
- (b) Name any five items of expenditure which are taken into Financial Accounts but not taken in Cost Accounts of the Factor. (5 अंक / Marks)

Ans. 8 (a) The following items of expenditure are appearing in the Cost accounting but do not appear in Financial accounting of the Ordnance Factory:

- (i) Superannuation charges
- (ii) Assesed Rent or rent-free quarter
- (iii) Cost of medical and surgical stores used in the factory Hospital
- (iv) Cost of free diet articles received from the ASC Dairy Military Farm
- (v) Depreciation Charges on Capital on Capital Assests, Machines and Buildings
- (vi) Cost of Stock forms
- (vii) Departmental Charges on MES

(b) The following items of expenditure are appearing in the Financial Accounts but do not appear in Cost Accounts of the Ordnance Factory :

- (i) Miscellaneous recovery in cash
- (ii) Recovery on account of loss of stores
- (iii) Care and custody of surplus stores
- (iv) War insurance charges
- (v) Abnormal Rejections

[Auth: Para 840 of OM Pt VI Vol-II]

PAPER-VII

SAMPLE ANSWERS

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION- PART II (NEW SYLLABUS)

YEAR.....

PAPER VII – THEORY (Without Books)

SUBJECT: FINANCIAL MANAGEMENT, IFA SYSTEM AND ELEMENTS OF LAW

Section-I (Financial Management)

Ans-1 **Answer 1 (a):** A sanction for any fresh charge shall, unless it is specifically renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of issue of such sanction. Provided that -

(i) when the period of currency of the sanction is prescribed in the departmental regulations or is specified in the sanction itself, it shall lapse on the expiry of such periods; or

(ii) when there is a specific provision in a sanction that the expenditure would be met from the Budget provision of a specified financial year, it shall lapse at the close of that financial year; or

(iii) in the case of purchase of stores, a sanction shall not lapse, if tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of Central Purchases) on the Central Purchase Organization within the period of one year of the date of issue of that sanction, even if the actual payment in whole or in part has not been made during the said period.

1 (b): The following losses need not be reported:

(i) Cases involving losses of revenue due to -

(a) mistakes in assessments which are discovered too late to permit of a supplementary claim being made,

(b) under assessments which are due to interpretation of the law by the local authority being overruled by higher authority after the expiry of the time-limit prescribed under the law, and

(c) refunds allowed on the ground that the claims were time-barred:

(ii) Petty losses of value not exceeding Rupees two thousand.

Answer 2: Disposal of Goods:-

(i) An item may be declared surplus or obsolete or unserviceable if the same is of no use to the Ministry or Department. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.

(ii) The competent authority may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable.

(iii) The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilised.

(iv) In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a Government servant, responsibility for the same should be fixed.

Modes of Disposal :

(i) Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Two Lakh should be disposed of by :

a) obtaining bids through advertised tender or

b) public auction.

(ii) For surplus or obsolete or unserviceable goods with residual value less than Rupees Two Lakh, the mode of disposal will be determined by the competent authority, keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and, also, deterioration in value of goods to be disposed of.

(iii) Certain surplus or obsolete or unserviceable goods such as expired medicines, food grain, ammunition etc., which are hazardous or unfit for human consumption, should be disposed of or destroyed immediately by adopting suitable mode so as to avoid any health hazard and/or environmental pollution and also the possibility of misuse of such goods.

(iv) Surplus or obsolete or unserviceable goods, equipment and documents, which involve security concerns (e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of/ destroyed in an appropriate manner to ensure compliance with rules relating to official secrets as well as financial prudence.

Ans-3

Answer 3(a) : One of the general principles of entering into contracts is no contract involving any uncertain or indefinite liability or any condition of an unusual character should be entered into without the prior approval of competent Financial Authority. Therefore, it is the general policy that, as a rule, contracts should be entered into on firm price basis and provisional prices subject to variation are to be accepted under exceptional circumstances. Nevertheless, in the present day fluctuating market conditions, the difficulties in obtaining raw-material, uncertain labour conditions and continual charges in national and international fiscal practices, variable prices are often quoted by supplier firms and these are admitted in DGS&D contracts. The intention is that both the seller and buyer are compensated for rise or fall in the costs of elements for which price variation has been accepted.

The "Price Variation" clauses that have been standardized for DGS&D contracts are as under:-

- (i) Price variation clauses relating to raw-material.
- (ii) Price variation clause relating to wages.
- (iii) Price variation clause relating to excise duty.
- (iv) Price variation clause relating to customs duty.
- (v) Price variation clause relating to foreign exchange.

3 (b): Excise Duty is leviable on manufacture and is to be paid for clearance of goods. Excise Duty is leviable either on a percentage basis or on a fixed rate. Where Excise Duty is leviable on percentage basis this percentage is reckoned on the assessable value of the store to be determined in accordance with the Excise Rules. Changes in Excise Duty or fresh impositions are notified by the Excise Authorities under the powers vested with them under the Central Excise Tariff Act, 1985.

To levy Central Excise Duty, it is necessary that goods in question has come into existence as a result of manufacturing activity. The manufacture or production means bringing out a new commodity which must be usable, movable saleable and marketable.

Repair or reconditioning of an article does not amount to manufacture because no new goods come into existence. It is so, even if in the process of re-making, the defective equipment gets upgraded or it becomes a different model. For the same reason, repacking of goods from bulk pack to smaller packs would not ordinarily amount to manufacture.

Since excise duty is on manufacture or production, the liability to pay the duty is on the manufacturer or producer

of the State or the Consolidated Fund of the Union Territory and the sum required to meet other expenditure proposed to be met from the Fund are shown separately, the expenditure on revenue accounts being distinguished from other expenditure. The Budget shows receipts and payments of the Government under three heads, (1) Consolidated Fund; (2) Contingency Fund; (3) Public Account. The Budget comprises (i) Revenue Budget; and (ii) Capital Budget.

Answer 4: Basic forms of Letters of Credit (LsC) as applicable to Defence Departments are as follows:

- (a) Revocable letter of credit.
- (b) Irrevocable letter of credit.
- (c) Confirmed letter of credit.
- (d) Revolving letter of credit

(a) **Revocable Letter Of Credit:** A revocable letter of credit is one which may be amended or cancelled by the issuing bank at any moment without prior notice to the beneficiary. Therefore, such a type of letter of credit does not give complete sense of security to the beneficiary. However, the notice of amendment or cancellation is effective only upon receipt of such notice by the advising bank. If the advising bank has undertaken liability (i.e. paid, negotiated or accepted) against documents, which appear on the face of it to be in conformity with the terms and conditions of the credit, before receiving notice of amendment/cancellation, the issuing Bank is bound to reimburse the advising bank. If the letter of credit is silent as to whether it is revocable or irrevocable, the credit is deemed to be irrevocable.

(b) Irrevocable Letter Of Credit: When the issuing Bank gives a definite, absolute and irrevocable undertaking to honour its obligations, provided the beneficiary complies with all the terms and conditions, such a credit is known as an irrevocable letter of credit. It means that the letter of credit cannot be amended, cancelled or revoked without the consent of the parties to the letter of credit. This gives the beneficiary a definite protection.

(c) Confirmed Letter Of Credit: A confirmed letter of credit is one in respect of which another Bank in the beneficiary's country adds its confirmation at the request of the issuing Bank. This undertaking of the confirming Bank to pay/ negotiate/accept is in addition to the undertaking of the issuing bank. This is an added protection to the beneficiary. This is not to be agreed to as it undermines the credibility of our Nationalized Banks.

(d) Revolving Letter Of Credit: In such Letters of Credit, the amount is restored, after it has been utilized, to the original amount. Such credits are used when the buyer is to receive partial shipment of goods at specific intervals over a long duration. It can be cumulative or non-cumulative in nature. It avoids opening letter of credit for each and every consignment.

The above mentioned Letters of Credit could be divisible or non-divisible. Divisible Letters of Credit could be opened when more than one beneficiary is allowed and payment has to be made as per the consignment.

Ans-5 **Answer 5:** There are cases when only a single quote or a single valid acceptable quote is received even against Limited Tender Enquiry or Open Tender Enquiry. This situation may arise in single bid tendering as well as in two-bid tendering before or after technical evaluation. This results in a single vendor situation indicating lack of competition. In such situations, the following aspects will be examined:

- (a) Whether all necessary requirements such as standard tender enquiry conditions, industry-friendly specifications, wide publicity, sufficient time for formulation of tenders had been taken care of while issuing the RFP;
- (b) Whether the RFP had been properly dispatched and duly received by the prospective vendors to whom these were sent.
- (c) Whether the SQRs, particularly in the LTE cases, could be reformulated and made more broad based to generate wider competition.
- (d) Whether time and criticality of requirement permits reformulation of the SQRs.

If the examination reveals that (a) and (b) had been complied with and (c) and (d) are not feasible, the proposal may be processed further treating it as a case of OTE or LTE as the case may be with the approval of the CFA. In case, however, there is any doubt about the tendering process or it is considered feasible to consider reformulation of SQRs without compromising on operational requirement, the RFP should be retracted and re-issued after rectifying the deficiencies and/or reformulating the SQRs.

Ans-6 **Answer 6:** Repeat Order: Wherever considered necessary, provision may be made in the RFP and the contract for Repeat Order. A Repeat order against a previous order may be placed at the same cost and terms and conditions as per the original order/contract with the approval by the CFA and concurrence of integrated finance, wherever required as per the delegation of financial powers. A Repeat Order may be placed subject to the following:

- (a) Items ordered against the previous order had been delivered successfully.
- (b) Original order should not have been placed to cover urgent/emergent demand.
- (c) Repeat Order is not placed to split the requirement to avoid obtaining the sanction of the next higher CFA.

(d) The original order should have been placed on the basis of lowest price negotiated and accepted by CNC, and not on the basis of delivery or any other preference.

(e) There is no downward trend in the price of the item. (A clear certificate should be recorded to that effect.)

(f) The requirement is for stores of identical nature/ specifications, nomenclature etc. Minor improvements in spec(s) or phasing out of products due to obsolescence should not be precluded from the purview of repeat order but this aspect should be very carefully examined from the point of view of interchangeability of the product offered as an improved substitute.

(g) The repeat order is to be placed within six months from the date of completion of the supply against the previous order and it should be placed only once.

(h) The repeat order quantity is to be restricted to a maximum of 50% of last order quantity in case of indigenous and foreign procurement, where the contract does not also include the option clause. In case of orders for small quantities (1 to 7), the Repeat Order quantity may be rounded off to the next whole number.

(i) This provision may be exercised in case of PAC/Single vendor OEM also. However, care should be taken before exercising this provision in multi-vendor situation.

(k) The CFA will be decided taking into consideration the value of the originally ordered quantity and the Option clause/Repeat Order quantity.

Where the contract also includes an Option clause, Repeat Order may be placed only for such quantity, which, along with the quantity for which Option clause may have already been exercised, does not result in the total quantity under the Option clause and the Repeat Order exceeding 50% of the originally ordered quantity.

Section-II (IFA System)

Ans-1 ✓ **Answer 1 (a):** IFAs Corps can accord financial concurrence to the works proposals containing authorized works up to Rs 100 Lakhs and special items of works up to Rs 2 Lakhs provided the same are approved in Annual Works Plan of the Command.

1 (b): Projects are included in the Annual Major Works Programme (AMWP) after examination of its necessity at various levels at Command and Army HQrs Prima-facie, the question of rejection should not arise. However, in case the supporting details are inadequate for approving the works, IFAs can disagree with the proposals. For enabling the IFAs to carry out a proper appreciation of the necessity of a project, CDA will be associated with formulation of Annual Major Works Programme in due course of time.

1 (c): Concurrence accorded by the IFA is not in order. To determine the CFA in a case where project includes both the authorised work and special item of work, the criteria should not be the financial powers for authorised item of work alone. In such a case, therefore, administrative approval will be issued by the CFA under whose powers the special item of work fall. CFA in this case is COAS.

1 (d): Powers are personal and cannot be re-delegated.

Ans-2

Answer 2(a): Contracts will not normally be extended beyond the period for which they have been sanctioned. However, in case where reasonable rates have not been achieved in the open tendering despite best efforts by contract concluding authorities, the existing contracts may be extended with the consent of the Contractor(s) at the same terms and conditions up to a maximum period of 3 months by the CFA who sanctioned the contract initially, and for a further period of three months by the next higher CFA, in consultation with CDA/IFA. Sanction for such extension must be obtained prior to the expiry date of the contract.

2(b): In case identical lowest rates are obtained from more than one tenderer either at the time of opening of tenders or after the invitation offer, another invitation offer will be made to both the tenderers who had quoted identical rates. This process will be carried out in the room where the panel is assembled and under no circumstances the tenderers will be allowed to leave the room. The revised rates quoted by both the tenderers will be announced in their presence. Thereafter, tenders may be recommended in favour of the tenderer who quotes the lowest rates.

2(c): Contracts for Central Purchase Articles are made for the QMG by the Chief Director of Purchase, Ministry of Defence. In case of emergency, such articles may be purchased locally in accordance with standing orders but all such purchases (which should be made only to the extent necessary to meet immediate requirements) together with rates and full reasons, should be reported to the DGST monthly.

2(d): Sanction of Government of India is required in respect of the following types of Contracts:

- (a) Contracts involving an uncertain or indefinite liability or any condition of an unusual character.
- (b) Any proposal to create an 'agency' type of supply.
- (c) Taking under control or on lease a private firm.
- (d) Grant of bonus or subsidy to a firm.
- (e) Contracts the duration of which exceeds three years.

Ans-3

Answer 3: Provisioning is one of the main functions of Materials Management. It is the key to procurement. It involves forecasting of future requirements on the basis of past usage, present trends in consumption and future planned utilisation. In view of the location of AF Wings/Units across the length and breadth of the country and centralised system of provisioning and procurement by the Air HQrs and the HQrs Maintenance Command, and stocking in the specified Depots it acquires importance. The highly complex and sophisticated weapon systems and the equipment used in the Air Force require a variety of technical items to maintain them in operationally serviceable condition. Further the requirement of items varies with each type of Weapon System and improvements in design. Since some of the Air Crafts and equipments are obsolete in the countries of their origin, procurement of spares is a long drawn process and involves protracted correspondence. These factors coupled with unpredictability of requirement of the consumer units makes the task of provisioning a challenging one.

The object of provisioning is to ensure availability of the right kind of store/equipment in right quantity at the right place and right time. The essence of sound provisioning is the realistic estimation of future requirements. While the under estimation prejudices future planned effort of the force, over estimation results in wastage of limited resources. It is therefore imperative that future requirements are estimated with great care and caution and timely provisioning action is taken, so that uninterrupted supply of spares and equipments is maintained consistent with economy.

REQUIREMENTS OF PROVISIONING

Requirements, for which provision has to be made, fall into the following broad categories :

- a) Initial provisioning;
- b) Programme requirements;
- c) Replacement provisioning;

Initial Provisioning: It refers to provisioning of first time spares and equipments required for an Air craft or a major equipment newly introduced in the service on the basis of recommendations of initial provisioning committee or Maintenance Planning Team. The committee works out the requirements of maintenance and overhaul spares for the authorised provisioning period on the basis of recommendations of the manufacturers.

Programme requirements: Programme requirements consist of known future commitments of a nonrecurring nature. viz. initial equipment for new Units, Squadron re-arming, increase of UE or increase of scales, etc.

Replacement provisioning: Provisioning of future requirements on the basis of consumption trend of past is known as Replacement Provisioning. The system of provisioning requires that what is being consumed over a period is progressively replenished taking into consideration the activities in pipe line and the force planned for the future. The aim is to maintain the stocks at the approved levels all the time.

Answer 4: The subheads under which the expenditure may be incurred on IT related project are:

- Ans-4
- a) Purchase of Computer Systems.
 - b) Provision of access networks, internet and media connectivity including associated hardware and software.
 - c) Purchase of systems software and application software.
 - d) Software development Technical Consultancy for IT projects and IT training.
 - e) Purchase of Computer peripherals and ancillaries.
 - f) Computer stationery, consumables and technical books.
 - g) Repairs and maintenance of computer systems.

The entire responsibility to provide repairs and maintenance cover to computer, peripherals and ancillary equipment has become that of corps of EME. In this context all proposals in this regard for financial concurrence should be examined keeping in view the following main points amongst other -

- a) See that provisions of MoD letter A/55452/ABW/EME Ops2/2150/DS (Coord)/94 dated 4.10.1994 on AMC contracts are complied in spirit.
- b) In cases of purchase of spares for maintenance/repairs, the contractual obligations of equipment supplier and period of such obligations should be seen. What are the provisions in regard to repair of equipment in the annual maintenance contract? If provision exists, will it not be desirable and advantageous to entrust the repair work to the AMC holder who can be bound?
- c) Do the EME have adequate skill and expertise in the requisite volume to undertake repairs of equipment or will it involves additional investment to create infrastructure facilities and if so what is the relative economics of private agency repairs versus repairs by EME? If adequate infrastructural and other facilities are available in EME workshops, these should be exploited to the maximum before considering repairs by outside agencies?

- e) In respect of AMC, the existing clauses relating to supply of spares and carrying out repairs may be suggested for review and if necessary these clauses may be enlarged in scope to cover these facilities so that Army can have some assured source of supply of spares and also repair work.
- f) See that Maintenance spares stocked or proposed for procurement by EME workshops for field force requirements is within the laid down limit of 1 month's level based on average of past 12 month's consumption.
- g) MOU for maintenance needs to be standard one to avoid legal complications in future. It should include provisions for suitable penalty clause, adequate Bank guarantee towards AMC as well as appropriate payment terms preferably staggered.

Ans-5
§(a): The special financial powers will be exercised by the GOsC-in-C only and not delegated to any of their staff officers except for immediate and urgent repairs and maintenance of equipment procured under these powers up to an annual ceiling of 1 % of the overall limit of total allotments, will be sanctioned under the local purchase powers delegated to Ordnance/ EME functionaries in Schedule XII. The expenditure on such repair and maintenance will be accounted for separately for compilation together with other expenditure incurred in exercise of the special financial powers under Minor Head 110 (C).

§(b): Following items cannot be procured under ACSFP –

- (i) Computers, peripherals, ancillaries etc procurable under the IT head, Minor Head 110(H) will not be procured under the special financial powers indicated above.
- (ii) Medical stores and equipment will not be procured except to the extent covered by Ser No 4 of the Schedule above read with Note 14 in this regard hereunder.
- (iii) Items classified to be of capital nature expenditure whereon is compilable to Major Head 4076, Sub Major Head 01- Army will not be procured.

§(c):

- Stores of Ordnance origin-up to Rs 10 crores per transaction
- Sector Stores- up to Rs. 2 crores per transaction
- Import of Stores against FFE- up to Rs 2 crores per transaction
- Misc and contingent expenditure- up to Rs 10 lakhs per transaction

§(d): The maximum period of extension of delivery that can be granted by the CFA under delegated powers should be such that the total period - the original delivery period plus the extension – does not exceed twice the original delivery period. Extensions beyond this period would require sanction of the next higher CFA/Administrative authority in the Services to approve extension of delivery date beyond twice the original delivery period.

Section-III (Elements of Law)

Ans-1
Answer 1(i): Audit Board System-The system of comprehensive appraisal of the companies/ corporations of the Union Government through Audit Board was introduced from April 1969. The composition of the Audit Board differs from enterprise to enterprise. The Chairman, Audit Board is common to all enterprises selected for appraisal. There are four other members of the Audit Board for each such enterprise. Two of them are officers of the Indian Audit and Accounts Department including the Member, Audit Board who has the primary responsibility for the audit and appraisal and two part time members are appointed by the administrative Ministry responsible for the enterprise to be reviewed, in consultation and with the concurrence of the Comptroller and Auditor General. Part-time members of the audit boards are selected having in view the technical knowledge, experience and expertise in the area of operation of the enterprises to be reviewed. They are very closely associated with the appraisals at the various stages and especially help the Audit Board in analysing areas where technical expertise is required.

1(ii): Audit Reports-The accounts of Government Companies are certified by the statutory Auditors. A copy of their Audit Report and any comments thereon or supplement thereto made by the Comptroller and Auditor General are placed before Parliament/State Legislature along with the annual report under section 619 A of the Companies Act. From the year 1970 the Audit Report (Commercial) of the Central Government is being prepared in separate parts. The first part would contain a brief summary of the overall working of all Government companies and statutory corporations and summarized financial results of these undertakings. Other part would contain the result of comprehensive appraisal of performance conducted by the Audit Board, of the selected undertakings during that year. One part of the report would contain individual irregularities noticed in the undertakings not taken up for comprehensive appraisal by the Audit Board and another part would contain the results of the reports of the company's auditors submitted under the directions issued by the Comptroller and Auditor General of India.

Ans-2

Answer 2 (a): "International Commercial Arbitration" means an arbitration relating to disputes arising out of legal relationships, whether contractual or not, considered as commercial under the law in force in India and where at least one of the parties is-

- (i) an individual who is a national of, or habitually resident in, any country other than India; or
- (ii) a body corporate which is incorporated in any country other than India; or
- (iii) a company or an association or a body of individuals whose central management and control is exercised in any country other than India; or
- (iv) the Government of a foreign country;

2 (b): Grounds for challenge.-

- (i) When a person is approached in connection with his possible appointment as an arbitrator, he shall disclose in writing any circumstances likely to give rise to justifiable doubts as to his independence or impartiality.
- (ii) An arbitrator, from the time of his appointment and throughout the arbitral proceedings, shall, without delay, disclose to the parties in writing any circumstances referred to in sub-section (1) unless they have already been informed of them by him.
- (iii) An arbitrator may be challenged only if-
 - (a) circumstances exist that give rise to justifiable doubts as to his independence or impartiality, or
 - (b) he does not possess the qualifications agreed to by the parties.
- (iv) A party may challenge an arbitrator appointed by him, or in whose appointment he has participated, only for reasons of which he becomes aware after the appointment has been made.

Ans-3

Answer 3(a): (1) Where a contract of sale is subject to any condition to the fulfilled by the seller, the buyer may waive the condition or elect to treat the breach of the condition as a breach of warranty and not as a ground for relating the contract as repudiated.

(2) Where a contract of sale is not severable and the buyer has accepted the goods or part thereof, the breach of any condition to be fulfilled by the seller can only be treated as a breach of warranty and not as a ground for rejecting the goods and treating the contract as repudiated, unless there is a term of the contract, express or implied, to that effect.

(3) Nothing in this section shall affect the case of any condition or warranty fulfilment of which is excused by law by reason of impossibility of otherwise.

3(b): Sale by description- Where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description, and, if the sale is by sample as well as by description, it is not sufficient that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description.

Sale by sample – A contract of sale is a contract for sale by sample where there is a term in the contract, express or implied, to that effect. In the case of a contract for sale by sample there is an implied condition -

(a) that the bulk shall corresponded with the sample in quality.

(b) that the shall have a reasonable opportunity of comparing the bulk with the sample.

(c) that the goods shall be free from any defect, rendering them un-merchantable, which would not be apparent on reasonable examination of the

Ans-4 **Answer 4(a):** Wages in kind.-

(i) Minimum wages payable under this Act shall be paid in cash.

(ii) Where it has been the custom to pay wages wholly or partly in kind, the appropriate Government being of the opinion that it is necessary in the circumstances of the case may, by notification in the Official Gazette, authorize the payment of minimum wages either wholly or partly in kind.

(iii) If the appropriate Government is of the opinion that provision should be made for the supply of essential commodities at concession rates, the appropriate Government may, by notification in the Official Gazette, authorize the provision of such supplies at concession rates.

(iv) The cash value of wages in kind and of concessions in respect of supplies of essential commodities at concession rates authorized under sub-sections (2) and (3) shall be estimated in the prescribed manner.

4(b): If an employee whose minimum rate of wages has been fixed under this Act by the day works on any day on which he was employed for a period less than the requisite number of hours constituting a normal working day, he shall, save as otherwise hereinafter provided, be entitled to receive wages in respect of work done by him on that day as if he had worked for a full normal working day: Provided, however, that he shall not be entitled to receive wages for a full normal working day--

(i) in any case where his failure to work is caused by his unwillingness to work and not by the omission of the employer to provide him with work, and

(ii) in such other cases and circumstances as may be prescribed.

Ans-5

Answer 5 (a) The provisions of the Administrative Tribunal Act, 1985 shall not apply to-

- (i) Any member of the naval, military or air forces or of any other armed forces of the Union;
- (ii) Any officer or servant of the Supreme Court or of any High Court or courts subordinate thereto
- (iii) Any person appointed to the secretarial staff of either House of Parliament or to the secretarial staff of any State Legislature or a House thereof or, in the case of a Union territory having a Legislature, of that legislature.

6(b) A Tribunal shall have and exercise, the same jurisdiction, powers and authority in respect of contempt of itself as a High Court has and may exercise and, for this purpose, the provisions of the Contempt of Courts Act, 1971, shall have effect subject to the modifications that-

(a) the references therein to a High Court shall be construed as " including a reference to such Tribunal.

(b) the references to the Advocate-General in section 15 of the said Act shall be construed-

(i) in relation to the Central Administrative Tribunal, as a reference to the Attorney-General or the Solicitor-General or the Additional Solicitor-General; and

(ii) in relation to an Administrative Tribunal for a State or a Joint Administrative Tribunal for two or more States, as a reference to the Advocate General of the State or any of the States for which such Tribunal, has been established.

OFFICE COMMUNICATION

PAPER-VIII

PAPER-VIII
(OFFICE
COMMUNICATION)

- Ques. → 1. Write a précis of the following passage. Also suggest a suitable title and give a summary of points: (40 Marks)

The Ministry of Defence (MoD) has yet again rejected the idea of increasing the cap on Foreign Direct Investment (FDI) in defence beyond the present cap of 26 per cent. It puts paid to the proposal floated by the Ministry of Commerce to increase the cap to 74 per cent, though a committee, headed by the Secretary Economic Affairs, had recommended a more modest increase from 26 per cent to 49 percent.

It seems that the MoD is of the view that allowing foreign companies to set up manufacturing and assembling facilities in India will stymie the growth of indigenous design and development activities and perpetuate our dependence on the foreign original equipment manufacturers (OEMs) for modern weapons. This argument presupposes that indigenous design and development activities have been flourishing, or have started looking up, even under the existing restrictive FDI regime and that any relaxation in the FDI cap will adversely affect these activities.

This presupposition is at odds with the ground reality. The allocation for capital acquisitions had been growing significantly in the last ten to fifteen years, opening up good opportunities for the Indian private industry but there have not been many significant indigenous breakthroughs in research, design and development of new equipment and weapon systems. In fact, India has now become the largest importer of the defence wares. This suggests that either the industry does not have the financial capacity to invest in research, design and development or it has the capital but it is unwilling to invest because of some other reasons.

If it is because of the financial incapacity, the case for relaxing the present limitation and making it more attractive for the foreign investors to bring in the investment would be quite strong. But, the Indian private industry is not really complaining about the paucity of funds. Therefore, the only inference one can draw is that some 'other reasons' are holding it back from investing in developmental projects. What could these 'other reasons' be?

Design and Development projects usually entail a long gestation period and there is an inherent risk of failure. Therefore, no one would run the risk of making heavy investment in such projects unless there is clarity about the products required to be developed indigenously, there are incentives for making such investments, there is some mechanism to mitigate the risks and there is an assured market for the product developed through this process.

The Technology Perspective and Capability Roadmap 2013 released by the MoD in June 2013 aims at making the future requirements of the armed forces known to the industry in terms of the technologies and capabilities rather than specific products but the industry might find the information inadequate for the purpose of developing future business plans. There is a need to fine-tune the TPCR on the basis of the feedback from the industry. There is also a need to consider incentives and mitigating the risk involved in making investment in research, design and development. The incentives could come in the form of making it easy for the investors to undertake such projects and tax breaks. The risk mitigation could come in the form of substantial funding of such projects by the government, but with an exit clause.

These are comparatively easy steps; the difficult part is assuring a market for the product. It assumes a greater significance where the anticipated demand of the armed forces is not enough to make a project commercially viable. This calls for formulation of an export policy.

It is not going to be easy to make an export policy for defence products. Permitting export of dual-use items may not pose much of a dilemma but evolving a policy for permitting export of military hardware/software could be difficult. Discovering potential markets would be an even greater challenge.

In any case, it will take a long, long time for the Indian industry to make products through entirely indigenous research, design and development that would be technologically superior, or even equal, to what the established players in the field have to offer. It is also difficult to second-guess whether the Indian product, even if technologically comparable with the best in the world, will have an edge over products offered by foreign OEMs, in terms of price.

Assuming that the information contained in the TPCR is enough for the Indian industry to start planning future projects, funding of such projects could be an issue. Presently, there are no schemes for funding of such projects and there are no tax breaks or other incentives. (The provision for funding of 'Make' projects by the government to the extent of 80 per cent would not cover green field research, design and development projects, unrelated to any specific demand of the armed forces.)

The Press Reports suggest that the MOD would be willing to relax the FDI cap with the approval of the Cabinet Committee on Security (CCS) on a case-to-case basis if it results in access to the state-of-the-art technology from the foreign companies. But, if the past experience is any guide, this is unlikely to happen, primarily because of lack of clarity on the policy front. For example, would the MoD be willing to relax the FDI cap if the foreign vendor wants to set up a wholly owned subsidiary for absorbing the technology? Many such issues are likely to come up. A comprehensive policy needs to be evolved for relaxation of the FDI cap for the sake of transparency, rather than the decision being taken on a case-to-case basis.

The foreign direct investment is not just a simple transfer of capital. It could bring along with it technology, spawn economic activity in the country, generate employment and create a pool of skilled manpower. These are the very resources that are required to kick start indigenous green field research, design and development projects.

In the short run, dependence on joint ventures set up in India with FDI that is higher than the existing limit of 26 per cent cannot be more harmful and risky than dependence on imports. If nothing else, it will save precious foreign exchange. If higher limits of FDI in other fields have not stymied the growth of the indigenous industry in those areas, it is unlikely that the impact of increasing the FDI cap would be very different for the defence industry.

But this is not a plea for increasing the FDI in defence. The argument essentially is that some of the skepticism about relaxing the FDI cap, as well as the expectation that higher FDI would cure all ills besetting the Indian defence industry, might be misplaced. If the defence needs are to be met through indigenous production by the private industry, increasing the FDI cap may not be as material as the need to address other concerns such as those related to licensing, taxation, incentives, funding, assured market, exports – just to name a few.

Summary of points

Ans-1

1. MoD has rejected the idea of increasing the cap on FDI in Defence beyond the existing 26%, thereby putting paid to a proposal of Ministry of Commerce to increase the cap 74% and the recommendation of a committee headed by Secretary EA of increasing the cap to 49%.
2. The argument that higher FDI in defence will stymie indigenous design and development is not valid as the present restricted FDI has not led to the flourishing of such activities despite rising allocations to defence capital acquisitions. Further, FDI in other sectors has not stalled the growth of domestic industry in those sectors.
3. FDI will bring skills, lead to increase in economic activity and add skilled manpower, which in turn could catalyse green field design research & development activities.
4. Increase in FDI cap may lead to dependence on joint ventures but that would be an improvement over the present dependence on pure imports.
5. The option of a case to case relaxation in FDI limits is not advisable as there would be lack of policy clarity. A clear and transparent FDI policy regime is desirable.
6. Indian private industry is not complaining of lack of funding for investing in developmental projects in defence sector and therefore other reasons are holding back such investment.
7. The main reason is the inherent risk due to long gestation period and risk of failure in such projects. Therefore promoting investment requires:
 - a. Clarity about products required to be developed indigenously. The Technology Perspective and capability Roadmap 2013 released by MoD does not contain adequate information for developing future business plans and needs to be fine tuned based on feedback from industry.
 - b. Incentives for making such investments. Incentives could be in the form of making it easy for investors to undertake such projects and tax breaks.
 - c. Mechanism to mitigate the risks in the form of substantial funding by Govt but with an exit clause. The present policy for funding is only in the case of Make category acquisitions and does not cover green field research, design and development projects.
 - d. Assured market for the product developed through the process. This relatively more difficult especially when the requirement of the armed forces is not enough for the project to be commercially viable and therefore an export policy would be required. Even if an export policy is evolved, it will take very long for Indian products to be technically and financially competitive internationally.
8. Increasing FDI would neither be disastrous for domestic industry nor would it be a panacea for all ills of defence industry. To really meet defence requirements through domestic industry, all major concerns relating to licensing, taxation, incentives, funding etc need to be addressed.

Title

FDI and growth of domestic defence design & development capability

Ques. →

2. As the dealing AAO, please prepare a draft Counter Affidavit to be signed by Mr Y, Dy CDA(Admin), Office of CDA, Ridge Road, Jabalpur, based on the facts of the case mentioned below.
(40 Marks)

Facts of the case

Shri X was appointed as Auditor on 02.10.1973. On cadre restructuring of accounting organization, he was upgraded to the post of Senior Auditor on 01.04.1987.

On 09.08.1999 CGDA issued a confidential Important Circular No.AN/XVI/16401/Sup.A/c/2002, dated 04.03.2002 to all Controllers regarding conduct of Supervisor (Accounts) Grade Examination for Sr. Auditors of the Department whose date of appointment/ promotion in Auditor grade was upto and inclusive of 31.12.1980 for promotion to the grade of Supervisor (Accounts) in DAD to be held on 29th April 2002. It was stated therein that 15% of the total number of posts in the grade of Section Officer (A/cs) are to be filled up by the Supervisor (Accounts) Grade, subject to the employees qualifying in the Departmental Examination conducted for the purpose. Further, it was clarified that those who qualify this examination would be eligible for grant of 2nd financial upgradation under the Assured Career Progression Scheme (ACP Scheme) w.e.f. the date of the examination subject to the fulfilment of other conditions contained therein.

The exam was scheduled to be held on 29.04.2002 by the CGDA, New Delhi for all the DAD offices in the country. As directed by the CGDA, names of the willing candidates alongwith Board Proceedings were to be forwarded to the CGDA Office latest by 26.03.2002.

Office of CDA Jabalpur, vide their circular No. AN/II/1213/SGE/4/2002 dated 07.03.2002 requested all its sub-offices (including PAO(ORs) The Guards Kamptee) to forward the names of the willing candidates by 19.03.2002 to enable it to convene the Board Proceedings and send a consolidated report to the CGDA, New Delhi latest by 26.03.2002. Strict adherence to the time limit as laid down by the appropriate Controlling authorities was made known to all in the circular itself.

Accordingly, PAO(ORs) The Guards, Kamptee issued a circular for noting by all eligible staff members who were desirous of appearing in the examination and submitted consolidated report to CDA, Jabalpur on 15.03.02.

Shri 'X' did not submit his willingness in the prescribed proforma by the due date but submitted an application on 23.03.2002 which was forwarded to CDA, Jabalpur. CDA, Jabalpur intimated that the request of Shri 'X' to forward his name to the CGDA, New Delhi cannot be considered at a belated stage.

Against this decision of CDA Jabalpur, Shri X filed an O.A.No.2100 of 2009 in CAT, Mumbai bench in Nagpur challenging the action of the CDA Jabalpur for not allowing him to appear in the Supervisor (Accounts) Grade Examination held on 29.04.2002. Secretary, Ministry of Defence; Controller General of Defence Accounts, New Delhi; CDA, Jabalpur; and Assistant Controller of Defence Accounts In charge, Pay and Accounts Office(ORs), The Guards, Kamptee, Dist. Nagpur, were cited as respondents.

Ans. 2 →

BEFORE THE HON'BLE CENTRAL ADMINISTRATIVE TRIBUNAL,

MUMBAI BENCH AT NAGPUR

COUNTER AFFIDAVIT

(On behalf of the Respondents)

O.A.No.2100 of 2009

In the matter of

SHRI X APPLICANT

VERSUS

RESPONDENTS ... (1) UNION OF INDIA, Ministry of Defence, New Delhi.

(2) The Controller General of Defence Accounts, Ulan Batar Marg, Delhi Cantt

(3) The Controller of Defence Accounts, Jabalpur.

(4) Assistant Controller of Defence Accounts, Pay and Accounts Office(ORS), The Guards, Kamptee, Dist. Nagpur.

I, Y, son of Shri Z, age 45 years, Dy CDA (AN), having my office at the office of the Controller of Defence Accounts, Ridge Road, Jabalpur, do hereby state on solemn affirmation as under:

- 1) That I have been authorised to file this Written Statement on behalf of the Respondents.
- 2) That I am acquainted with the facts and circumstances of the case, in my official capacity.
- 3) That I have gone through the contentions/averments/allegations made in the Original Application dated 2002 and reply to the same is as under:

3.1 That Shri X was appointed as Auditor on 02.10.1973 and on cadre restructuring of accounting organization, he was upgraded to the post of Senior Auditor on 01.04.1987.

3.2 That on 09.08.1999, CGDA (Respondent 2) issued a Confidential Important Circular No.AN/XVI/16401/Sup.A/c/2002, dated 04.03.2002 (Annexure A) to all Controllers regarding conduct of Supervisor (Accounts) Grade Examination for Sr. Auditors of the Department whose date of appointment/ promotion in Auditor grade was upto and inclusive of 31.12.1980 for promotion to the grade of Supervisor (Accounts) in DAD to be held on 29th April 2002.

- 3.3 That the said Circular provided that 15% of the total number of posts in the grade of Section Officer (A/cs) are to be filled up by the Supervisor (Accounts) Grade, subject to the employees qualifying in the Departmental Examination conducted for the purpose and that those who qualify this examination would be eligible for grant of 2nd financial upgradation under the Assured Career Progression Scheme (ACP Scheme) w.e.f. the date of the examination subject to the fulfilment of other conditions contained therein.
- 3.4 That the said Supervisor (Accounts) Grade Examination was scheduled to be held on 29.04.2002 by the CGDA (Respondent 2) for all offices of the Defence Accounts Department in the country and as directed by the CGDA (Respondent 2), names of the willing candidates alongwith Board Proceedings were to be forwarded to the CGDA Office latest by 26.03.2002.
- 3.5 That the Office of CDA Jabalpur (Respondent 3), vide their circular No. AN/II/1213/SGE/4/2002 dated 07.03.2002 (Annexure B) requested all its sub-offices [including PAO(ORs) The Guards Kamptee (Respondent 4)] to forward the names of the willing candidates by 19.03.2002 to enable it to convene the Board Proceedings and send a consolidated report to the CGDA, New Delhi (Respondent 2) latest by 26.03.2002.
- 3.6 That strict adherence to the time limit as laid down by the appropriate Controlling authorities was made known to all in the said circular dated 07.03.2002, itself.
- 3.7 That accordingly, PAO(ORs) The Guards, Kamptee (Respondent 4) issued a circular for noting by all eligible staff members who were desirous of appearing in the said examination (Annexure C) and submitted consolidated report to CDA, Jabalpur (Respondent 3) on 15.03.02 (Annexure D).
- 3.8 That Shri 'X' (Applicant) did not submit his willingness in the prescribed proforma by the due date but submitted an application on 23.03.2002 (Annexure E) which was forwarded by PAO(ORs) The Guards, Kamptee (Respondent 4) to CDA, Jabalpur (Respondent 3) (Annexure F).
- 3.9 That CDA, Jabalpur (Respondent 3) considered the application and informed Respondent 4 that the request of Shri 'X' (Applicant) to forward his name to the CGDA, New Delhi (Respondent 2) cannot be considered at a belated stage (Annexure G).
- 3.10 That aggrieved by the said decision of CDA Jabalpur (Respondent 3) Shri X has filed an application (O.A.No.2100 of 2009) in the Nagpur Bench of Hon'ble CAT, Mumbai, challenging the action of the CDA Jabalpur (Respondent 3) of not allowing him to appear in the Supervisor (Accounts) Grade Examination held on 29.04.2002
- 3.11 That the PAO(ORs) The Guards, Kamptee (Respondent 4) had issued a circular in time clearly bringing out the due date and the format on which the interested persons were to give their willingness to appear in the exam.
- 3.12 That the said circular was got noted by all concerned including the Applicant.
- 3.13 That the Applicant did not submit his willingness by the due date but submitted a separate application after the due date had passed.

- 3.14 That the Supervisor (Accounts) Grade Examination was to be held on the same day all over India and that therefore it was imperative to adhere to the laid down schedule of activities at every stage.
- 3.15 That CDA Jabalpur (Respondent 3) considered the application of the applicant and correctly decided not to forward his name to CGDA New Delhi (Respondent 2) at a belated stage.
- 4 In view of the foregoing the Application (O.A.No.2100 of 2009) is without merit and deserves to be dismissed.

PRAYER:

In view of the aforesaid facts and submissions, the OA is devoid of merit and is untenable and hence is liable to be dismissed with cost. It is prayed accordingly.

RESPONDENT

THROUGH
(GOVT COUNSEL)

Station: Nagpur
Dated: 2014

VERIFICATION:

Verified at Nagpur on this day of2014 that the contents of the Written Statement are true and correct to the best of my knowledge and the remaining is believed to be correct as per legal advice received. I have not suppressed any material facts.

Date: 2014
Place: Nagpur

Dy. Controller of Defence Accounts (AN)
FOR RESPONDENTS

(xxx)
SPECIAL COUNSEL FOR THE RESPONDENTS

Ques. →

3. Draft a DO letter from the Addl. Controller to Colonel X, in response to his DO. letter dated 28th February 2013, reiterating the position of the office of PCDA(O), based on the following facts of the case and Rule Position.
(35 Marks)

Rule provision

Qualification Grant is admissible only for the notified course an officer is detailed on or is sanctioned study leave for. Any other course the officer may do on his own (with or without the approval of the CO/competent authority) does not entitle him for Qualification Grant.
Auth: ADGPS AG's Branch, AHQ letter No. B/26254/PQG/AG/PS-3(a) dated 09 Jan 06

The courses for which Qualification Grant is payable to officers of the Indian Army are notified in Appendix 'A' of 'D' 5/S/76, Appendix 'A' to Army HQ letter No A/63088/GS/MT -10 dated 26 November 2001, and in AHQ letter no B/26254/PQG/AG/PS-3(a) dated 09/01/06

Facts of the case

The case for grant of Qualification Grant in respect of Col X of Headquarters 33 Arty Bde was examined in Pr CDA(O) and the following was noted:

- a) MBA is listed under serial No. 8 of Appendix 'A' to Army HQ letter No A/63088/GS/MT -10 dated 26 November 2001
- b) the officer completed the course through Distance Education. He was however, not detailed for the course nor was he granted Study Leave for the same.

The claim was not accepted due to b) above and the provisions of ADGPS AG's Branch, AHQ letter No. B/26254/PQG/AG/PS-3(a) dated 09 Jan 06 quoted above.

ADGPS AHQ, vide their letter no 26254/PQG/AG/PS-3(a) dated 09 January 2013, requested PCDA(O) to review their observation and consider the claim as the officer had enrolled for the course before issue of ADGPS AG's Branch Army HQ letter dated 9 Jan 2006.

The officer wrote a DO. letter No ABCD/1234 dated 9th February 2013 to Addl CDA, O/o Pr CDA(O) asking for admitting his claim for Qualification Grant in the light of AHQ letter dated 9 January 2013.

Ans-3

Shri LMNO, IDAS
Additional Controller of Defence Accounts

D.O. No 1234/5678/90
Office of the PCDA
Golibar Maidan
Pune

Dated May 2014

Dear

Please refer to your d.o. letter no ABCD/1234 dated 9th February 2013 regarding your claim for Qualification Grant for pursuing MBA through Distance Education.

I have got the case examined. ADGPS, AG's Branch, AHQ letter No. B/26254/PQG/AG/PS-3(a) dated 09 Jan 06, inter alia, provides that Qualification Grant is admissible only for the notified course an officer is detailed for or is sanctioned Study Leave for. Further, it provides that any other course the officer may do on his own (with or without the approval of the CO/competent authority) does not entitle him for Qualification Grant.

In your case, while MBA is listed at serial No. 8 of Appendix 'A' to Army HQ letter No A/63088/GS/MT -10 dated 26 November 2001, you were neither detailed for the course, nor were granted study leave for the same. In this context, ADGPS AHQ letter no 26254/PQG/AG/PS-3(a) dated 09 January 2013, referred to in your d.o. letter, only requests this office to review its observation and consider the claim and does not constitute a valid approval for giving you Qualification Grant.

I therefore regret that your claim for Qualification Grant is not admissible.

With

Yours

(Shri LMNO)

Col X
HQ 33 Arty Bde

Ques. →

4. The National Academy of Defence Financial Management (NADFM) Pune is facing an acute shortage of faculty due to recent transfers out of the Academy. Two Senior Accounts Officers working as faculty were posted out on grounds of station seniority, in October and December 2012, respectively. One AAO working as faculty opted for posting to Jammu by responding to CGDA's circular calling for volunteers for Jammu and was posted there in January 2013. One lady Auditor working as support staff to faculty was posted to Mumbai on personal grounds in June 2013. Smt YY, ACDA is also on the verge of superannuation within a month's time.

Apart from regular in-service training programmes as per approved training calendar, NADFM is to also conduct training for IDAS Probationers who are to join NADFM for training on 1st July 2014.

The recommendations of the screening committee for selection to faculty positions at NADFM were forwarded to Hqrs office on 11th April 2013.

NADFM wrote to Hqrs office on 15th June 2013 requesting for early posting of faculty and staff.

Draft a DO letter from the CDA(Training) Pune to Jt.CGDA(Admin) highlighting the acute shortage of faculty/ staff and requesting for the posting of faculty to NADFM Pune on priority, from among the candidates recommended by the screening committee.

(35 Marks)

Ans-4

Shri PQRS, IDAS
Controller of Defence Accounts (Training)

D.O. No 1234/5678/90
NADFM
Golibar Maidan
Pune

Dated May 2014

Dear

The National Academy of Defence Financial Management (NADFM) Pune is facing an acute shortage of faculty due to recent transfers out of the Academy. Two Senior Accounts Officers working as faculty were posted out on grounds of station seniority, in October and December 2012, respectively. One AAO working as faculty volunteered for posting to Jammu and was posted there in January 2013. One lady Auditor working as support staff to faculty was posted to Mumbai on personal grounds in June 2013. No replacements have been provided for the officers and staff posted out. Further, Smt YY, ACDA is also on the verge of superannuation within a month's time.

Apart from regular in-service training programmes as per approved training calendar, NADFM is to also conduct training for IDAS Probationers who are to join NADFM for training on 1st July 2014.

The recommendations of the screening committee for selection to faculty positions at NADFM were forwarded to Hqrs office on 11th April 2013. Subsequently, this Academy had written to Hqrs office on 15th June 2013 requesting for early posting of faculty and staff.

In view of the acute shortage of officers and staff, I would request that suitable faculty may be posted to this Academy at the earliest, from among the candidates recommended by the screening committee.

With

Yours

(Shri PQRS)

Shri R. K. Karna, IDAS
Jt CGDA (Admin)
Office of the CGDA
Ulan Batar Road
Delhi Cantt.

Ques. →

5. Based on the facts of the case given below, as AAO (AN), draft an Office Note analysing the submission of Shri X with reference to the facts brought out by him, the transfer policy within the organisation of CDA(Army), Meerut and whether any exemption on personal or health ground can be considered. (35 Marks)

Shri X, was appointed as Auditor on 01/04/1968 in the office of CDA (Army) Meerut. He was transferred to AAO GE Ranikhet, a sub office of the CDA (Army) Meerut, on 22/02/1972. He was posted back to main office in Meerut on 03/04/1974. On 28/08/1995 an alert notice was served on him to indicate 3 choice stations for transfer.

He has vide his letter dated 08/08/95 represented his case to CDA (Army) Meerut. His main contention against going on transfer is that many of his seniors in service in CDA Funds and CDA(PD) at Meerut as well as those recruited alongwith him and also after him, have never gone on transfer.

In this context he has also added that he has constructed a house in Meerut and settled there. His son is studying in college in Meerut and his wife is employed in Meerut University and her job is not transferable. He also mentions that he is 48 years old and has diabetes and hyper-tension.

He requests for justice by either being retained in the same office and if not possible may be posted to CDA (Funds) Meerut from where he is willing to go on transfer on station seniority basis taking into account the seniority of staff in all offices in Meerut.

In terms of the transfer policy of CDA(Army) Meerut which is distinct from that of CDA(Funds) and CDA(PD) Meerut, separate seniority lists for various levels, are maintained for rotation of staff across sub-offices. Exemptions are however, considered on a case to case basis on extreme compassionate and serious health grounds.

OFFICE NOTE

Ams- 5

Subject: Transfer Establishment Auditor – Representation by Shri X (A/c no xxxxxx) regarding alert notice

A representation dated 08/08/95 addressed to CDA, received from Shri X, Auditor in the Main Office, against an alert notice dated 28/08/1995 served on him for indicating 3 choice stations, is placed below (F/PUC).

2. Shri X, was appointed as Auditor on 01/04/1968 in the office of CDA (Army) Meerut. He was transferred to AAO GE Ranikhet on 22/02/1972. He was posted back to main office in Meerut on 03/04/1974.
3. In his representation, his main contention against going on transfer is that many of his seniors in service in O/o CDA Funds and O/o CDA(PD) at Meerut as well as those recruited alongwith him and also after him, have never gone on transfer. In this context he has also stated that he has constructed a house in Meerut and settled there. His son is studying in college in Meerut and his wife is employed in Meerut University and her job is not transferable. He also mentions that he is 48 years old and has diabetes and hyper-tension. He has requested for justice by either being retained in this office and if not possible may be posted to CDA (Funds) Meerut from where he is willing to go on transfer on station seniority basis taking into account the seniority of staff in all offices in Meerut.
4. The transfer policy of CDA(Army) Meerut is distinct from that of CDA(Funds) and CDA(PD) Meerut. In terms of the transfer policy of CDA(Army) Meerut, separate seniority lists for various levels, are maintained for rotation of staff across sub-offices. Exemptions are however, considered on a case to case basis on extreme compassionate and serious health grounds.
5. Shri X has been in Meerut for 25 out of his 27 years of service. In the current tenure he has been in Meerut for over 21 years.
6. Since the transfer policy of CDA(Army) Meerut is distinct from that of CDA(Funds) and CDA(PD) Meerut and separate seniority lists are maintained for rotation of staff in sub offices, the comparison that Shri X is making with staff posted in (Funds) and CDA(PD) is not valid.
7. Diabetes and hypertension are common conditions and at the age of 48, do not qualify for consideration on health grounds. The other grounds mentioned by Shri X i.e, having a house in Meerut, his son studying in Meerut, and his wife working in Meerut, do not constitute extreme compassionate.
8. Therefore, Shri X cannot be considered for exemption from transfer.
9. In view of the foregoing, it is proposed that the representation of Shri X may not be considered favourably and Shri X be informed accordingly bringing out the position mentioned above.
10. Submitted for consideration of CDA.

AAO(AN)

AO(AN)

Ques. →

6. A review of the outstanding Internal Audit objections carried out in the Main Office of a regional PCDA revealed that as per the AAC 2012-13, 15642 objections with oldest date of 1980-81, were outstanding. 20% of these objections related to non-maintenance/ improper maintenance of record, another 10% related to minor over-drawl of rations and about 5% were in the nature of opinion/ advice. It was also observed that a total of 03 cases of MFAI and 01 IAR points had been reported by the organisation.

As AAO Internal Audit Cell of the Main Office of PCDA, draft a circular addressed to all LAOs/ RAOs to take immediate action to review the outstanding audit objections and settle objections of the nature mentioned above (non-maintenance/ improper maintenance of record, minor over-drawl of rations and opinion/ advice). LAOs may also be advised to focus on areas like non-utilisation of assets and mis-appropriation of Government Revenues to come up with points for MFAI and IAR.

(35 Marks)

Ans- 6

Important Circular

No 1234/IA Cell/99
Office of the PCDA
No1 Finance Road
Pune

Dated May 2014

To
All LAOs/ RAOs

Subject: Strengthening Internal Audit.

A review of the outstanding Internal Audit objections carried out in the Main Office reveals that as per the AAC 2012-13, 15642 objections with oldest date of 1980-81, are outstanding. Out of these objections, 20% related to non-maintenance/ improper maintenance of record, another 10% related to minor over-drawal of rations and about 5% were in the nature of opinion/ advice. It was also observed that a total of 03 cases of MFAI and 01 IAR point only had been reported by the organisation during the last year.

2. In view of the large number of outstanding objections of which about 35% relate to minor issues and opinion/ advice, it is requested that immediate action may be taken to review the outstanding audit objections in your jurisdiction and to consider for settlement the objections of the nature of non-maintenance/ improper maintenance of record, minor over-drawal of rations and opinion/ advice.

3. In addition, effort may be made to focus on areas like non-utilisation of assets and mis-appropriation of Government Revenues. Audit objections in these areas may be developed into points for the MFAI report and IAR.

4. It may be noted that contribution of cases for MFAI Report / IAR shall be an important parameter for assessing the performance of the LAOs/ RAOs.

5. This issues with the approval of PCDA.

(Smt EFGH)

GO (IA)

Model Answers to Questions for Theory Portion- Paper IX

Subject : Fundamentals of Electronic Data Processing

Ans 1:-
Q. 2 (i) Distinguish between "Data" and "Information".

(ii) Define Data Processing.

Ans: (i) Data is a term used to describe basic facts about any activity/activities. For example: number of hours worked by an employee, his rate of pay. On the other hand, Information is obtained by assembling items of data into a meaningful form, which can be useful for strategic decision-making. For example: Payroll, Invoice etc.

(ii) Data Processing is the collection and manipulation of items of data to produce meaningful information by collecting all items of data together and performing operations on them to extract the required information from them.

(Authority: Chapter 1, Data Processing and Information Technology By C S French)

Ans 2
Q. 3. Please indicate whether each of the following software is a system software or Application software?

(i) MS-DOS

(ii) MS Word

(iii) Auto CAD

(iv) Windows XP

(v) C++ Compiler

Ans: (i) System Software

(ii) Application Software

(iii) Application Software

(iv) System Software

(v) System Software

(Authority: Unit 1, IT Tools and Applications by V K Jain)

Ans 3:-

Q. 3

Select most appropriate answer from the following alternatives:

Ans-3

- (i) A computer can be defined as an electronic device that can:
 - a) carry out arithmetic operations
 - b) carry out logical functions
 - c) accept and process data using a set of stored instructions
 - d) present information on a VDU
- (ii) The central Processing Unit:
 - a) is operated from the control panel
 - b) is controlled by the input data entering the system
 - c) controls the auxiliary storage unit
 - d) controls all input, output and processing.
- (iii) Computer follows a simple principal called GIGO which means:
 - a) Garbage input good output
 - b) Garbage in garbage out
 - c) Great instructions great output
 - d) Good input good output
- (iv) Which of the following is not hardware:
 - a) Magnetic Tape
 - b) VDU Terminal
 - c) Printer
 - d) Assembler
- (v) The difference between memory and storage is that memory is _____ and storage is _____.
 - a) Temporary, Permanent
 - b) Permanent, Temporary
 - c) Slow, Fast
 - d) None of the above

Ans: (i) c (ii) d (iii) b (iv) d (v) a

(Authority: Unit 1, IT Tools and Applications by V K Jain)

Q. 4

Match the followings:

- | | |
|-----------------------|---------------------|
| (i) RAM | (a) Utilities |
| (ii) Software | (b) Printer |
| (iii) Hardware | (c) ALU |
| (iv) Fastest Computer | (d) Data Processing |
| (v) CPU | (e) Super Computer |

Ans: (i) - d, (ii) - a, (iii) - b, (iv) - e, (v) - c.

(Authority: Unit 1, IT Tools and Applications by V K Jain)

Q. 6. (i) What do LAN and WAN stand for?

(ii) Name any four key characteristics, which are used to differentiate between LAN and WAN.

Ans: (i) LAN: Local Area Networking, WAN: Wide Area Networking

(ii) Any four of the following characteristics:

Q. 8. What is an Operating System? What are the two primary objectives of having an operating system in a computer system? Explain how an Operating System helps in meeting these objectives.

Ans: Operating System is an integrated set of programs that controls the resources (CPU, memory, I/O devices etc) of a computer system and provides its users with an interface or virtual machine that is easier to use than the bare machine.

Two primary objectives of having an operating system are to (a) make a computer system easier to use and (b) Manage the resources of a computer system.

The operating system makes a computer system easier to use by hiding details of hardware resources from users and provides them with a convenient interface for using a computer system. It acts an intermediary between hardware resources and its users thereby making it easier for the users to use these resources.

Operating system manages the resources of a computer system by performing tasks such 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.

(Authority: Chapter 14, Computer Fundamentals By Pradeep K Sinha & Priti Sinha)

Q. 17 (i) What is a computer virus?

(ii) Name any four popular anti-virus programs.

Ans: (i) A computer virus is a malicious software program designed to do damage to a computer system by deleting files or even taking over a PC to launch attacks on other systems. A virus attacks the computer if an infected software program is launched.

(ii) Any four of popular software programs:

AVG Anti-virus

Norton Anti-virus

McAfee VirusScan

Kaspersky Anti-virus

PC-cillin

Quick Heal

Avast

Or any other

(Authority: Chapter 29, Absolute Beginner's Guide to Computer Basics-3rd Edition by Michael Miller)

Ans 8:-
Q. 12. How can another computer attack your Personal Computer? How can you protect your system against such outside attacks?

Ans: Whenever we connect our Personal Computer to internet, not only can our PC access other computers online, but other computers can also access our PC. This means that, unless we take proper pre-cautions, malicious hackers can read our private data, damage our system hardware and software, and even use our system to cause damage to other computers.

We can protect our system against outside attack by blocking the path of an attack with a firewall. A firewall is a software program that forms a virtual barrier between our computer and the internet. The firewall selectively filters the data that is passed between both ends of the connection and protects our system against outside attack.

(Authority: Chapter 29, Absolute Beginner's Guide to Computer Basics - 3rd Edition by Michael Miller)