



**Pakistan Institute of Public
Finance Accountants**

May Exam-2026

[05.May.2026] [02:30 – 05:15 pm]

Additional time – 15 min for Paper Reading

**Internal Audit Framework
PMAD**

Marks-80

Subjective

Duration: 02 Hours 30 Minutes

[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- **Books are not allowed.**
- Start each question from fresh page.

Attempt all questions

Q.1. You are assigned to audit the expendable store ledger of the Chemistry Department of an FG College. During your review, you notice that:

- Several items were received from a local supplier.
- The expense vouchers for consumed items are present, but the supporting manuscript record is incomplete.
- The MSR (Monthly Store Report) does not match the detailed period records.
- No charges have been credited for student breakages, even though multiple incidents were reported.

Required:

As the auditor, outline the steps you would take to verify the accuracy of the expendable store ledger and ensure compliance with audit guidelines. What actions would you recommend to rectify the discrepancies? **10**

Q.2. Explain the main objectives of preparing a Reconciliation Statement in respect of issue vouchers handed over by the store depots to their attached LAO. Also, draft a suitable proforma for the Reconciliation Statement. **10**

Q.3. During a test check of the Numerical Store Accounts; LAO observes certain irregularities that require detailed investigation beyond the approved scope of audit. He is of the view that further inquiries are necessary to establish full facts.

Required:

In this context, explain:

- (a) How can the LAO obtain an extension in the scope of audit? **02**
- (b) What procedural steps should the audit section take to process and approve the extension of audit scope? **06**

Q.4. During the audit of Controller Naval Accounts Office, the audit staff receives the Sale Accounts in C.N.A Office, as an auditor what audit checks would you apply or explain the key points you would verify to ensure accuracy, completeness and compliance with Financial Rules. **07**

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(2)

- Q.5.** You are posted as Local Audit Officer responsible for auditing financial transactions of various formations under your jurisdiction. Cheques are issued in favor of O.C. of each formation which are sent to you in weekly batches by C.M.A. During inspection you notice that some cheque slips are missing, serial number is not consecutive and few entries in cash book do not have supporting cheque slips.

Required:

- (a) Explain the procedure for auditing transactions of negotiable and non-negotiable cheques. **04**
- (b) What actions would you take if discrepancies are detected, and what measures would you adopt to prevent and detect fraud? **06**

- Q.6.** Comment on the accuracy of the following statements;

- (a) The MAG may increase or reduce the pay and allowances of an inferior servant serving in the Military Accounts Department subject to that his powers do extend to the creation and abolition of permanent post. **04**
- (b) Errors and irregularities in the course of audit of accounts will be communicated to the Officers responsible for rectification and in case of any alteration in the totals are required to be attested by the Officer concerned once in a month. **04**

- Q.7.** The Annual Review of M.E.S Expenditure is prepared by the CMA on the pattern of M.E.S. Appropriation Accounts and includes various statements.

Required:

What information is presented in Statement 'D' of the Annual Review of M.E.S. Expenditure, and what types of audit issues or irregularities are typically highlighted in this statement? **09**

- Q.8.** You are posted as CLA (DP) and are required to conduct a desk audit before proceeding to field audit. As CLA (DP), whose records would you examine during the desk audit of the CMA Office? Explain the scope and terms of reference of the desk audit? **08**

- Q.9.** During a factory audit, being a Local Audit Officer (LAO) you are required to verify the actual stock held in stores. While conducting the inspection, you notice discrepancies between the physical stock and the recorded balances in stock registers.

Required:

- (a) How would you verify the actual stock during the audit? **04**
- (b) Explain the procedure to be followed while carrying out stock verification in a factory, and how discrepancies should be dealt with. **06**
