



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

Internal Audit Framework

Summer Exam-2023

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Q.1.
i

Audit of Condemnation Boards Proceedings

7.24. In the audit of the proceedings of Condemnation Boards, it will be seen that:

- (a) The board is presided over by the OC or an officer of Field Rank.
- (b) Articles condemned are in a reasonable proportion to the strength of the unit.
- (c) Reasons for abnormal variations in the proportion of condemnation are duly recorded and are borne by facts.
- (d) Average life of articles as given in relevant instructions has been adhered to a reasonable extent.
- (e) Condemnation boards are held quarterly.
- (f) An ordnance representative is present in each Board.

Total Marks 06

Q.2. 44(B) **Review of Settlement** as per OM XI

At least 10% objections of Cat 'A' and 'B' settled by SLAs / LAOs / DCsLA(DS) under the delegated powers shall be reviewed by a monitoring team headed by Group Officer (Main Office) / Superior Service Officers detailed by CLA(DS) as deemed necessary in order to maintain check & balance in uniformity and quantitative standards of settlement.

Why objections are settled: in order to maintain check & balance in uniformity and quantitative standards of settlement.

Extent of Objections reviewed: At least 10% objections of Cat 'A' and 'B' settled by SLAs / LAOs / DCsLA(DS) shall be reviewed

Who will review: reviewed by a monitoring team headed by Group Officer (Main Office) detailed by CLA(DS) as deemed necessary

Total Marks 07

Q.3.

4.22. To effectively carry out an analysis of the information thus collected requires the establishment of a specialised section. Therefore a Budget trend analysis section will be created at CLA (DP). To be in conformity with the institutional practices of PMAD the section may be named as Audit-II (AT-II) section. Specific responsibilities of the new section will be:

- (a) Collecting budgetary and accounting information related to all the clients of CLA (DP).
- (b) Identifying budgetary trends, spending trends and systematic issues.
- (c) Identifying risk areas for GSA reports and future audits.
- (d) Quality assurance of the reports produced by the sub offices and peer review of AT-I section reports.
- (e) Assisting CLA (DP) in SSO review.
- (f) Compiling desk audit results, reports for MAG office, and identifying trends for the LAO offices.
- (g) Carrying out special audits and other special tasks assigned.
- (h) Computer based auditing including the use of ACL.

Total Marks 10



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Q.4.

a

Audit is necessary by Controller for a grant sanctioned by the Chief of Army staff from his grant of unforeseen expenditures?

Comment:

No audit is necessary by controller as pre-audit is already carried out by MAG.

According Military audit Code Clause 8 Note-2: No audit is necessary by Controllers on grants sanctioned by the Chief of Army Staff from his grant for unforeseen expenditure. A pre-audit of these sanctions is carried out by the Military Accountant General.

Q.4. All Codes, Regulations and Standing Orders issued by the Government of Pakistan are scrutinized by the Military Accountant General and need further scrutiny by Controllers of Military Accounts.

b

Comment:

There is no need of further scrutiny by the CMA as MAG already scrutinized

According Military audit Code Clause 7: All Codes, Regulations and Standing Orders issued by the Government of Pakistan are scrutinized by the Military Accountant General and need no further scrutiny by Controllers of Military Accounts.

Q.4. Public money should not be utilized for the benefit of a particular person or section of the community unless the amount of expenditure involved is insignificant.

c

Comment:

The statement is accurate/ correct and it relates to rule of audit of propriety.

Total Marks 12

Q.5

PROGRAMME OF INTERNAL AUDIT :

A half yearly basis program of local audit, for each station will be drawn up by the L.A.O. The program should be prepared to ensure that L.A.Os would be able to contract both the audit parties in an effective manner for this purpose. The L.A.O. should chalk out their program in such a way that so far as possible the audit parties should conduct audit of unit/formations located in close proximity. It will be submitted to D.C.L.A.D.S. for approval. The standard time in can days as approved and notified by the M.A.G. from time to time for each class of units represent the average period required for the local audit of the accounts of the unit and should be adhered to by the L.A.Os in making out their program.

Total Marks 10

Q.6.

90. The following procedure will be observed for the settlement of pension contributions in respect of all forces personnel lent for foreign service:-

- (i) The Controller will make standing arrangement with the foreign employer to ensure that the payment, on due date of correct amount of contribution monthly in each case, without submission of monthly or periodical claim to them by the Controller. The foreign employer of the person concerned shall during the period of foreign service, pay to the Government of Pakistan pension contribution in foreign currency at the rate prescribed from time to time. The remittance will be made by the foreign employer or the deputationists concerned as the case may be according to the agreed terms of deputation, through normal Banking channel i.e. Bank Draft payable to the Controller of Military Accounts concerned along with the schedules showing the particular, period and the amount remitted in each case. On delayed payment of the contributions, the provisions of SR-307 shall apply.



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- (ii) The foreign employer or the person concerned shall pay pension contribution in foreign currency at a uniform rate of 33.33% of the mean of minimum and maximum of the pay scale held by him at time of his proceeding on foreign service plus other emoluments (reckonable for pension) which would have been admissible to him had he not been deputed on foreign service. The record of all the transactions will be kept by the Controller of Military Accounts in the Register PAF (CMA)-164.
- (iii) During the period of Foreign Service, all forces personnel will continue to subscribe to the DSP/GP Funds etc. Benevolent Fund and refund of advances etc: through Bank Drafts/Treasury Challans payable to Controller of Military Accounts concerned. The Bank Drafts so received will be encashed and amount deposited into the Government Treasury. Thereafter, treasury receipts will be adjusted against the relevant heads of accounts. The amount of subscriptions is payable by the persons concerned in foreign exchange and they shall remit amount to the Controller of Military Accounts concerned, the rupee equivalent thereof at the official rate of exchange on the basis of their Pay which would have been admissible to them in Govt.: service, but for his transfer to foreign service.
- (iv) The subscriptions towards “Integrated self subscribed Compulsory Group Insurance scheme/Government sponsored compulsory Group Insurance scheme for JCOs only will be made by the deputationists through Bank Draft/Cheque transfer challan/TR by the user organisations to the Controller of Military Accounts concerned along with the Schedules. The Controllers of Military Accounts will encash Bank Drafts/Cheques, deposit the amount into Govt.: Treasury and afford credit in his Books. He will inform GHQ (W&R Dte) of the amounts to be claimed on Contingent Bill. CMA will issue, cheque in favour of Self Subscribed Compulsory Group Insurance Scheme or the Govt.: Sponsored Compulsory Group Insurance Scheme for JCOs only as the case may be, on receipt of Contingent Bill from GHQ (W&R Dte).
- (v) The leave terms of the person concerned during the period of his foreign service will be regulated according to the Rules or the terms and conditions offered by the borrowing Government/Organisations. Leave salary due in respect of such leave will be payable by the borrowing Govt. or organisations to the person concerned. No part of leave earned by him during the period of foreign service will be credited to his leave account with the Government nor will any liability in respect of leave salary on account of such leave devolve on the Government. Government will not recover any leave salary contribution from the borrowing Government/organisations. However, pension contribution will be payable by the foreign employer of person concerned during the entire period of his foreign service including the period of leave availed of by the person concerned with the foreign employer.
- (vi) The person concerned will not be entitled to receive any leave salary from the Government in respect of disability leave on account of any disability arising in or through service, even though disability might manifest itself even after the termination of Foreign Service.
- (vii) If the person concerned during the period of his deputation becomes entitled to any additional benefit, or is appointed to any post involving alteration in his emoluments, he will intimate particulars of such appointment to Government of Pakistan for information. Any modification of the terms involving additional liabilities on the Govt.: will require their approval.



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Q.7.

06

a

STORE DEPOT:

Means an Engineering Store Depot, an Ammunition/ Ordnance Depot, a Clothing Depot, a Remount Depot; the Inspectorate of General Stores and Clothing a maintenance Unit/ Formation Depot of the Pakistan Air Force.

SUPPLY DEPOT:

Means a Station Depot or any sub-depot holding separate stock of stores, a grain Depot and a Ghee Heating Centre

Q.7. DEPOT, UNIT ACCOUNTANT (MEDICAL STORES DEPOT):

06

b

A Unit Accountant or Auditor of the Military Accounts Department attached to a Medical Store Depot for the performance of certain accounting functions, such as pricing of vouchers, preparation of Profit and Loss Accounts and preliminary check of contractor's bills.

WORKSHOP UNIT ACCOUNTANT:

An A.A.O. or Auditor of the Military Accounts Department attached to the Central E.M.E. Combined E.M.E. /Ammunition /Ordnance Depot Workshop.

Total Marks 12

Q.8.

AUDIT OF DEBITS ON ACCOUNT OF STATIONERY SUPPLIED (MAC PARA 176):

The A.G.P.R. passes on to the C.M.A. Lahore debit on account of stationery supplied to units and formations located in Pakistan including the Military Accounts Department. The C.M.A. Lahore will forward to the L.A.O. concerned the priced consignee's acknowledgements received by him in support of the debit for any one selected month. The L.A.O. will check the vouchers with the corresponding indents on record in the stationery office in audit to see that the amount debited does not exceed the cost of supplies actually receipted.

Total Marks 07

Q.9.

The L.A.O will also submit to the CLA(DS)/DCLS(DS) a progress report on the monthly basis after completion of audit showing;

- 1) The name of the unit the accounts of which have been locally audited during the period under report;
- 2) The dates of commencement and conclusion of the local audit in each case;
- 3) The month's accounts locally audited;
- 4) The dates of dispatch of the objection statements; and
- 5) The general state of the accounts.

In the cases of units in which Local audit is in progress and has not been concluded during the period under report, the word 'In Progress' will be entered against item 3 to 4.

Total Marks 06
