



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Store Accounting & Contract
Evaluation
(Theory & Application)**

Summer Exam-2023

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Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Theory)

Q.1. Chapt-VIII 4-e Dpp&I

Air Lifts. In case of emergent requirements stores such as on AOG demands, life saving drugs and other stores of an operational necessity may be despatched to consignee “By Air” provided prior sanction of DGDP for this mode of despatch has been obtained by the indenters concerned and each consignment involved does not weigh more than say a 1000 Kgs or the limit laid down by the Govt. Stores will be airlifted by PIA or due to urgency or where PIA does not operate stores can be airlifted by foreign airlines.

Total Marks 05

Q.2. Chapter XVI –R-5 DPP&I **Placing/Processing of Indents**

5. All Services HQ will forward their requirement on an indent to DGDP or concerned DP. The indent will be registered and checked for its correctness i.e. info indicated on the indent, allotment of funds, validity/credibility of supplier and supporting documents/certificate. After having satisfied with requirement of conclusion of RRCs irrespective of value of indent, the DP concerned will process the case to Secy (DP) through DGDP to seek adm approval for conclusion of RRC or otherwise. Once Secy (DP) has accorded his approval, the DP concerned will follow normal process of contract conclusion, monitoring, payment and inspection.

Total Marks 05

Q.3. (R-48-49) PPRA Rules

48. Redressal of grievances by the procuring agency.-

(1) The procuring agency shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract.

(2) Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report under rule 35.

(3) The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.

(4) Mere fact of lodging of a complaint shall not warrant suspension of the procurement process.

(5) Any bidder not satisfied with the decision of the committee of the procuring agency may lodge an appeal in the relevant court of jurisdiction.

49. Arbitration.-

(1) After coming into force of the procurement contracts, disputes between the parties to the contract shall be settled by arbitration.

(2) The procuring agencies shall provide for a method of arbitration in the procurement contract, not inconsistent with the laws of Pakistan.

Total Marks 07

Q.4. (Chap XIX R-22) DPP

a

Duties of Auction Supervising Officer

22. The auction supervising Officer will ensure that:-

a. He knows the terms and conditions of the agreement under which the auctioneer is appointed and has a copy of the agreement and conditions of sale for reference during the auction/sale (s).

08



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Theory)

- b. The stores which are to be auctioned, have been properly displayed by the stockholder for the visual checking by the purchasers.
- c. The details of reserve prices on the auction catalogues are kept confidential so that no other person obtain this information.
- d. The auctioneer announces to the purchasers in Urdu and Local language:-
- (1) The terms and conditions of auction/sale
 - (2) Sale on terms of “Ex-site Delivery” and on “As is where is basis”.
 - (3) Particulars of any lot or lots which have been withdrawn from the sale subsequent to their advertisement.
- e. The auction does not commence before the advertised time.
- f. The auctioneer conducts auction sale entrusted to him according to the terms of the auctioneering agreement and the conditions of sale set out in the third schedule there to and to such additional conditions as may be prescribed from time to time by the DGDP or his representative.
- g. Approximate quantity and description of stores in a lot are announced by the auctioneer when it is offered for sale.
- h. Before opening the bidding for stores not displayed on the sale ground, invite the interested bidders to accompany him to inspect valuable and bulky stores. Representing samples can be displayed at the site at the time of auction.
- j. On request from bidders, arrange for reasonable number of packages in any lot to be opened to prospective bidders to inspect the contents before making bids.
- k. Acceptance or rejection of the highest bid, received for each lot/item, is announced by the auctioneer to the bidders in legal manner, before the next lot/item is offered for sale. In the case of sale by auction, the sale of lot is complete when the auctioneer announces its completion by the fall of the hammer or in any other customary manner.
- l. A receipt written in ink/indelible pencil on a proper printed form for money received by the auctioneer from each buyer during the auction is issued by the auctioneer who will complete the counterfoil with the lot number, name of the purchaser, total value and amount deposited.
- m. The following particulars are recorded in his copy of the auction catalogue:-
- (1) Name and address of the higher bidder.
 - (2) Amount of the highest bid.
 - (3) Accepted or rejected duly initialed by him (supervising Officer).
 - (4) Amount deposited with the auctioneer by the purchaser.
- No individual of the unit or department to which the stores belong or the auctioneer or his agent is permitted to bid or buy any article in the auction sale.
- o. The auctioneer conducts the sale in orderly and efficient manner to obtain the best value for stores offered for sale.
- p. Total amount of the money collected by the auctioneer from buyers agrees with the total of the receipt given thereof.
- q. The counterfoil of the receipt issued by the auctioneer to the buyers with the relative entries in the auction catalogue and the total amount show on the receipt tally with each other.
- r. Money Receivable Order (PAFA-507) in triplicate is issued to the auctioneer for depositing the amount of the day's sale proceeds less auctioneers commission into the Govt Treasury/State/National Bank of Pakistan under the appropriate Heads of Budget Account **“Defence Main Head 1221000 or exact in case of change by Govt”** in favour of CMA (DP).



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Theory)

s. Any highest bid not supported by earnest money will be treated as null and void and the stores re-auctioned immediately. The individuals giving such an offer may be debarred from participating in the auction.

t. Any person/party trying to pool or use unfair means or sabotage Govt interest will be debarred from bidding and handed over to the Police. The Supervising Officer will have the discretion to cancel any auction under such circumstances.

Q.4. Store Accounting procedures.. 9.1 Office Manual

05

b

Factory Store Accounting Procedure

9.1. The internal audit team will inspect that Material Inward Slips have been prepared for the following stores received in a Factory:

(a) All stores received unaccompanied by a Packing account voucher.

(b) Stores Purchased

(i) Under local arrangements

(ii) Under Central Purchase

9.2. The Audit team will examine that Stores officers have not issued any materials for use in the factory without Material Demand Note signed by the person authorized to requisition such stores. Separate Material Demand Notes have been prepared for each description of material and for each job. The copy of the Material Demand Note has been returned to the Stores Officer duly receipted and passed on to the Accounts Office, after the issue has been entered in the appropriate Bin Card. The Material Demand Note has been assigned a serial number by the Stores Officer.

9.3. The Audit team will check that no materials have been supplied from a Factory to other Military or Non-Military Government Department, except under orders from the competent authority.

9.4. The Local Audit team will examine if materials issued from one factory to another have proper issue vouchers prepared by the Stores Officer. These copies have been sent to the consignees who will return one copy duly receipted.

9.5. In the case of Inter-Factory issues, the audit team will examine if six copies of Issue Vouchers have been prepared. The consigner Factory should have furnished two copies of Issue Vouchers to the Local Audit Officer. The receipted voucher subsequently received from the consignee Factory will be linked with the above mentioned advance copy and recorded.

9.6. The audit team will examine stores which are ordinarily manufactured in a Factory have not been issued direct from stock. They have been drawn on Demand 60

to the Stores Officer is accompanied by Material Return Note (in duplicate) and the Material Warrant concerned. Defective material should have been entered on separate Bin and kept in distinct Priced Stores Ledgers.

9.8. The internal audit team will examine that scrap has not accumulated in the shop and any surplus has been returned to stores with material Return Notes. It has to seen by the audit team if the scrap could have been allocated to any job.

9.9. The audit team will examine if the stores sold as either (a) Surplus (b) obsolete, and (c) Scrap and Manufacture Waste have been properly classified as such and the prescribed procedure for the disposal of such stores is followed.

Factory Manufacturing Audit Procedure

9.10. The Audit team will check if all manufactured products (including components) have been handed over to the charge of the Stores Officer (supported by a production voucher, if necessary). Stores intended for stock have been brought on to the Bin Card and the Advice Note or supporting Production voucher allotted a store series receipt voucher number.



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Theory)

9.11. The Audit team will check if the Stores Officer has, without any delay, posted all receipts and issues of stores (including finished components) in Bin Cards. The receipt has been posted from the Stores Officers copy of the receipt voucher (or two Material Inward slip, if the voucher has not been received at the time of the receipt of the stores), Departmental advice Notes and Material Return Notes. The issues have been posted from the Stores Officers copy of the Material Demand Notes and from issue vouchers in respect of goods sent out of the Factory.

9.12. The balances in Bin Cards must at all times agree with actual stock and ledger balances. To ensure that ledger balances do not fall out of line with bin Cards Balances the factory management must have ensured that where the physical receipt is different from the quantity shown on the voucher, an adjustment voucher has been prepared and transmitted to the Accounts Office simultaneously.

9.13. The internal audit team will examine the stores that have been received or issued. The team will check that relevant vouchers or other documents are prepared simultaneously showing the date of the transaction. Under no circumstances should there be a time lag between physical transaction and the preparation of the necessary documents if not already prepared nor should there be any delay in transmission of the documents to the Accounts Office.

9.14. The audit team will check where an item of material demanded by a shop is not available in stock, and the issues of a substitute is authorized a suitable encasement has been made in the ledgers.

9.15. The Audit team will examine registers for recording the Ledger and folio numbers of items that have reached the danger level and the other for those that have reached to ordering level. It has to be examined if appropriate action was taken by the management when the level equals or fell lower than the ordering/danger point.

9.16. It will be checked by the Audit team if the Priced Store Ledger is balanced daily and the balances therein are systematically agreed by the Accounts Office with those on bin cards maintained by the Factory so that every item is agreed twice a year. The management will be referred to where discrepancies are found and will be responsible for their adjustment.

9.17. The Audit team has to check if Priced Store Ledger folio bear the same number as the Bin Cards. The Stores Officer has entered on all vouchers, Material Demand Notes, Material Return Notes, etc., the Bin Card number to facilitate posting into the correct folios of the ledger.

9.18. The Audit Team will examine if receipts in the Priced Store cum Provision Ledger have been entered from the receipt vouchers (or M.I. slips if the receipt vouchers are not available), Departmental Advice Notes, Material Return Notes, and adjustment vouchers including those for surpluses found in stock, Issues will be posted from Material Demand Notes, Regular Issue Vouchers and adjustment vouchers, including those for losses. Adjustment vouchers have been numbered in a separate series. If these are used for carrying out adjustment due to discrepancies between ledger balances and physical stock Local Audit team will keep such vouchers under objection pending satisfactory settlement of the discrepancy and preparation of a loss Statement etc., as necessary.

Total Marks 13

Q.5. (Chapter-XIX R-11 DPP&I)

Declaration of Surplus Stores by the Stockholders

11. The stockholders will carry out survey of their stocks to declare the surplus stores to requirement. These stores, before being reported to DGDP for disposal, will be offered to the sister svcs, HIT and POF Wah to ascertain their requirements on pre payment basis. If they do not require these stores, the sanction of respective competent financial authority at svc HQs will be obtained in accordance with FR Pt-I Rule 43 and thereafter the stores will reported to DGDP on form DP (Dis)-51 in triplicate as per Anx 'V'. This form is self-explanatory and is to be completed by the stockholder/reporting authority in accordance with the instructions contained on its reverse. Few additional guide lines are appended below.



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Theory)

- a. No columns of DP (Dis) -51 as per Anx 'V' are left blank.
 - b. Assessed Price is calculated through a board of officers professionally concerned with the types of stores under disposal.
 - c. Criteria of calculation of assessed value is to be elaborated in the covering note for guidance during processing of the case.
 - d. Current status of equipment obsolete/obsolescent/redundant etc and condition.
 - e. List of countries/defence forces/organizations with whom the type of stores, under disposal, are in use at present and prospects of purchase by them be mentioned in the covering note by svc HQ/Stockholder.
 - f. All value/amounts are written both in figures as well as in words.
 - g. Budget Head of account in column 11 of DP(Dis) -51 as per Anx 'V' will be written as DEFENCE MAIN HEAD 1221000 or any new in case of change.
 - h. Any other recommendation. Which can be of help and guidance in processing disposal of stores should also be mentioned in the covering note by svc HQ/Stockholder.
 - j. Certificate regarding non requirement of stores to sister Svcs.
 - k. Certificate regarding non restriction on 3rd party transfer of item(s) under disposal.
 - l. Certificate regarding stores under disposal is non USA manufactured or provided by them through MAP or any assist Pkg by USA. In case of USA manufacturer documentary proof of purchase will be provided otherwise will be disposed off by stockholders as scrap after demilitarization.
1. The Director General Defence Purchase and his Officer will be competent to dispose off the surplus serviceable/repairable stores (Whether current, redundant, obsolete, or obsolescent, etc), of Defence Services other than POFs in accordance with the procedure and rules laid down in the succeeding paras, except as provided for below:-
- a. Surplus serviceable/repairable stores (whether current, redundant, obsolete or obsolescent) the book value of which does not exceed Rs. 2.000 Million per item, which will be disposed off under stock holder's arrangements.
 - b. Cast iron and reroll able iron will, when surplus, be reported to the DGDP for disposal only if not accepted by POF Wah to whom it will be offered in the first instance.
 - c. Serviceable/repairable packing material/stores of the station Supply Depots, which cannot be utilized according to the instructions contained in Annex 'A' to Rule 83 of Army Svc Corps regulation 1986, upto the value of Rs. 0.100 million Station Supply Depots.
 - d. Disposal of refractions produced from wheat bran and deteriorated stock produced from wheat grains and dalls in CFM and MGDs will be arranged by the Director Defence Purchase-III by means of regular contracts and NOT by auction. His financial power in this respect will be limited to Rs. 2 lakh without reference to Finance. Cases beyond this limit will be referred to Finance for their concurrence. In the absence of a regular contracts, the monthly accumulation of refraction may be disposed off by auction under arrangements of OC Mily Grain Depots/controlled Flour Mills upto a maximum value of Rs. 50,000.00.

Methods of Disposal

4. Surplus stores will be disposed off through any of the following methods:-
- a. By transfer to Priority Indentors (other Defence Services/ Departments).
 - b. By Advertised Tender
 - c. By private treaty i.e by individual, limited or open tender for out right sale or for rate running contracts.
 - d. By public auction



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Theory)

Note to Para 1

- (1) The above limits refer to the book value of the stores under disposal.
 - (2) The provisions of Rule 45 of Financial Regulations, Part-I, will be treated as modified to the above extent.
 - (3) The above delegation of authority does NOT apply to the disposal of Arms, Ammunition and Explosives which will continue to be offered to Directorate General Defence Purchase for disposal when public disposal is decided upon.
 - (a) The financial limit concerning the disposal of stores or refraction will be determined on the basis of quotations received from the Purchasers.
2. In case where the disposal of particular stores to the public has been placed under certain restrictions by the competent controlling authorities, the disposal of such stores will be governed by the provisions of such control measures. Any relaxation thereof will NOT be permissible without the approval of the competent controlling authority.

Financial Powers of Competent Disposal Officers (CDO)

Total Marks 15

Q.6. (R-36-PPRA)

Procedures of open competitive bidding.-

Save as otherwise provided in these rules the following procedures shall be permissible for open competitive bidding, namely:-

(a) Single stage – one envelope procedure.-

Each bid shall comprise one single envelope containing, separately, financial proposal and technical proposal (if any). All bids received shall be opened and evaluated in the manner prescribed in the bidding document.

(b) Single stage – two envelope procedure.-

(i) The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;

(ii) the envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;

(iii) initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;

(iv) the envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the procuring agency without being opened;

(v) the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements;

(vi) during the technical evaluation no amendments in the technical proposal shall be permitted;

(vii) the financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance;



Summer Exam-2023
Solutions – Store Accounting & Contract Evaluation (Theory)

(viii) after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically nonresponsive shall be returned un-opened to the respective bidders; and

(ix) the bid found to be the lowest evaluated bid shall be accepted.

(c) Two stage bidding procedure.-

First stage

(i) the bidders shall first submit, according to the required specifications, a technical proposal without price;

(ii) the technical proposal shall be evaluated in accordance with the specified evaluation criteria and may be discussed with the bidders regarding any deficiencies and unsatisfactory technical features

(iii) after such discussions, all the bidders shall be permitted to revise their respective technical proposals to meet the requirements of the procuring agency;

(iv) the procuring agency may revise, delete, modify or add any aspect of the technical requirements or evaluation criteria, or it may add new requirements or criteria not inconsistent with these rules:

Provided that such revisions, deletions, modifications or additions are communicated to all the bidders equally at the time of invitation to submit final bids, and that sufficient time is allowed to the bidders to prepare their revised bids:

Provided further that such allowance of time shall not be less than fifteen days in the case of national competitive bidding and thirty days in the case of international competitive bidding;

(v) those bidders not willing to conform their respective bids to the procuring agency's technical requirements may be allowed to withdraw from the bidding without forfeiture of their bid security;

Second stage

(vi) the bidders, whose technical proposals or bids have not been rejected and who are willing to conform their bids to the revised technical requirements of the procuring agency, shall be invited to submit a revised technical proposal along with the financial proposal;

(vii) the revised technical proposal and the financial proposal shall be opened at a time, date and venue announced and communicated to the bidders in advance; and

(viii) the revised technical proposal and the financial proposal shall be evaluated in the manner prescribed above. The bid found to be the lowest evaluated bid shall be accepted:

Provided that in setting the date for the submission of the revised technical proposal and financial proposal a procuring agency shall allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and prepare their financial proposals accordingly.



Summer Exam-2023
Solutions – Store Accounting & Contract Evaluation (Theory)

(d) Two stage - two envelope bidding procedure.-

First stage

- (i) the bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
- (ii) the envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;
- (iii) initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;
- (iv) the envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the procuring agency without being opened;
- (v) the technical proposal shall be discussed with the bidders with reference to the procuring agency’s technical requirements;
- (vi) those bidders willing to meet the requirements of the procuring agency shall be allowed to revise their technical proposals following these discussions;
- (vii) bidders not willing to conform their technical proposal to the revised requirements of the procuring agency shall be allowed to withdraw their respective bids without forfeiture of their bid security;

Second stage

- (viii) after agreement between the procuring agency and the bidders on the technical requirements, bidders who are willing to conform to the revised technical specifications and whose bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the technical requirement;
- (ix) the revised technical proposal along with the original financial proposal and supplementary financial proposal shall be opened at a date, time and venue announced in advance by the procuring agency:

Provided that in setting the date for the submission of the revised technical proposal and supplementary price proposal a procuring agency shall allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and to prepare the required supplementary financial proposal; and

- (x) the procuring agency shall evaluate the whole proposal in accordance with the evaluation criteria and the bid found to be the lowest evaluated bid shall be accepted.

Total Marks 05



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

Q.1. (R-15 of PPRA)

15. Pre-qualification of suppliers and contractors.-

(1) A procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

(2) A procuring agency while engaging in pre-qualification may take into consideration the following factors, namely:-

- (a) relevant experience and past performance;
- (b) capabilities with respect to personnel, equipment, and plant;
- (c) financial position;
- (d) appropriate managerial capability; and
- (e) any other factor that a procuring agency may deem relevant, not inconsistent with these rules.

16. Pre-qualification process.-

(1) The procuring agency engaging in pre-qualification shall announce, in the pre-qualification documents, all information required for pre-qualification including instructions for preparation and submission of the pre-qualification documents, evaluation criteria, list of documentary evidence required by suppliers or contractors to demonstrate their respective qualifications and any other information that the procuring agency deems necessary for prequalification.

(2) The procuring agency shall provide a set of pre-qualification documents to any supplier or contractor, on request and subject to payment of price, if any. Explanation.- For the purposes of this sub-rule price means the cost of printing and providing the documents only.

(3) The procuring agency shall promptly notify each supplier or contractor submitting an application to pre-qualify whether or not it has been pre-qualified and shall make available to any person directly involved in the pre-qualification process, upon request, the names of all suppliers or contractors who have been pre-qualified. Only suppliers or contractors who have been pre-qualified shall be entitled to participate further in the procurement proceedings.

(4) The procuring agency shall communicate to those suppliers or contractors who have not been pre-qualified the reasons for not pre-qualifying them.

17. Qualification of suppliers and contractors.-

A procuring agency, at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether already pre-qualified or not: Provided that such qualification shall only be laid down after recording reasons therefore in writing. They shall form part of the records of that procurement proceeding.

Total Marks 05

Q.2. (Rule-4 Chapter-VIII DPP&I)

4. Procurement from Abroad. As a policy, contract must be concluded with OEMs or authorized dealers/exporters/agents of OEMs and Foreign Govt agencies. Following guidelines will be taken into consideration while framing various clauses by the Purchase Officers:-

a. Inspection Clause

(1) Inspection will be carried out as per terms and conditions of the contract by the concerned inspecting team/inspector as detailed by the inspecting authority of respective service on behalf of the purchaser in accordance with the laid down acceptance criteria/test procedures/drawings/test standards and specifications.



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

NOTE: Desk officer should endeavour to make ATP as a part of contract duly accepted and signed by both the parties (seller and the tech authorities) before signing of the contract.

(2) The supplier will provide to the inspection team/inspector the required testing equipment/facilities.

NOTE: Working environment facilities as demanded by the indenter/ inspector in the indent are through specific instructions attached to the indents.

(3) Whether inspection is to be carried out by PATLO or the stores are to be accepted on firm's Warranty/Guarantee, as the case may be. In case of contracts valuing less than Rs. 10,000/- and placed on firms in continental countries or in case of procurement from non-European countries where inspection facilities do not exist, stores will not be inspected in the country of origin, but will be accepted on firm's warranty. In case of warranty, the final inspection of stores may be carried out in Pakistan. In some important cases inspection can be arranged through accredited international laboratories or a Civilian Inspection Agency such as General Superintendence Co. and International Inspection Co. (Pakistan) Limited.

(4) Pak Army has PATLOs located in London, USA and China, who inspect stores on behalf of CIA/CIE&I, CISA&C and CIV&EE. Their areas of responsibility for inspection are as follows:-

| S.No. | PATLO Area | Contract Value |
|-------|-----------------------|------------------------------|
| (a) | London i) UK | £ 15.000/- |
| | ii) Europe | £ 20.000/- (equivalent EURO) |
| (b) | Washington USA/Canada | \$ 25.000/- |
| (c) | Beijing China | \$ 25.000/- |

NOTE: PATLO will not carry inspection of items less than the above contracted values.

(5) Unless informed and directed to the contrary during the currency of the contract, (i.e. the period till a contract is completed or cancelled with or without RE of the defaulting firm) the Inspecting Officer will continue inspection of stores, where production is going on and quality of stores is upto the acceptable standard. Such acceptance will not prejudice the Purchaser's right to cancel the contract at Supplier's risk and expense or to extend the delivery date with or without liquidated damages.

NOTE: Where acceptance is on warranty/guarantee of the supplier this clause will not be valid.

Total Marks 05

Q.3. (R-K.1 Chap-VIII DPP&I (definition of LC taken from Google.)

A letter of credit(LC) is a document that guarantees the buyer's payment of the sellers. It is issued by a bank and ensures timely and full payment to the seller. If the buyer is unable to make such a full payment, the bank covers the full or the remaining amount on behalf of the buyer.

j. Payment Clause

(1) Cost of stores (and freight in case of C&F/CIF contract) to principals as soon as stores are actually shipped, will be paid by accounts officer of our Embassies abroad or through LC in accordance with terms of contract. 80-90% payment will be made on inspection/despatch of stores and balance 20-10% on receipt by consignee on clearance of receipt vouchers.

(2) Commission and assembly/clearance charges etc will be paid to agents on receipt of stores at consignee in Pakistan by CMA (DP) Rawalpindi on receipt of claims.



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

(3) Insurance premium to Insurance Coy in case of contracts involving insurance cover will be paid by CMA (DP) Rawalpindi.

(4) When advance payment is authorized, BG to the extent of the total amount will be obtained from the Supplier.

k. LC

(1) LC should be valid for negotiation of payment at least 2 months beyond DP.

(2) LC Opening Charges are to be borne by the supplier. In case supplier declines to pay LC Opening Charges same will be mentioned in the PP for concurrence by financial authorities.

(3) Charges for additional confirmation by Foreign Banks should also be borne by Suppliers. If expenses are to be borne by Govt. of Pakistan, prior approval of Military Finance is required.

(4) Laid down procedure should be followed for opening LC.

(5) Period of opening of LC may extend to 60 days.

(6) LC should stipulate shipment on Govt. Bill of Lading/Airway Bill.

(7) Amendment to LC. Cases involving amendment to LC may be dealt with within THREE days of receipt of such requests. Label denoting "LC INVOLVED" should be appended on top of the files

Total Marks 08

Q.4. (Rule- M- Arbitration Chapt –VIII DPP&I)

M. Arbitration.

(1) The settlement of dispute, if not otherwise specially provided for in the contract shall be referred to the decision of Secretary MoDP and his decision shall be final and binding on the parties. Work under the contract shall if reasonably possible continue, under the proceedings before the said Secretary and no payments or payable by the Director shall be withheld on the account of such proceeding unless they are subject of the dispute.

2) The arbitration award shall be recorded in writing

Total Marks 07

Q.5. Rule 173- FR Vol.II

173. Instructions Regarding Losses of Stores in Transit

a. The following instructions shall be observed in connection with losses of stores in transit between army depots or between army depots and consuming army units and *vice versa* or between manufacturing establishments and army depots and *vice versa* or between Army and Air Force and *vice versa*:-

(1) The consignee shall sign on receipt vouchers for the quantity actually invoiced and shall, when necessary, specify the deficiencies and alterations in conditions and undertake to regularise. He shall bring on charge in his ledgers the full quantities as actually recorded in the vouchers sent to him and as conditioned by the consignor (for exception see sub rule (5) charge off these discrepancies provisionally by means of an adjustment of Certificate issue voucher or conversion voucher in the case of Air Force and simultaneously make out a loss statement in duplicate for damage or deficiencies the original for submission to the competent financial authority and the duplicate for retention. The loss statement duly sanctioned by the competent financial authority or the loss statement together with the Government letter sanctioning the loss shall be attached to the adjustment voucher in support of the writing off of the stores.



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

(2) The consignor shall adjust his store ledgers by striking off charge the full quantities of stores recorded in the vouchers as soon as the stores are despatched. The receipted vouchers, received back by him from the consignee duly signed for the full quantity or where necessary, endorsed with the certificate that action is being taken on any losses or deficiencies, shall be treated as an acquittance in full.

(3) If the loss can be attributed to the action or inaction of the person responsible at either and the competent financial authority may allow the loss or any portion of it to be actually paid for in cash by the consignor or the consignee as it thinks fit. All recoveries of this nature shall be credited to Government in the usual manner and the number and date of the treasury receipt and that of the memorandum with which it has been forwarded to the Controller of Accounts cited on the adjustment voucher and loss statement. In the case of claims against a railway, the procedure laid down move by rail see also Financial Regulations Volume 1 shall be followed.

(4) The competent financial authority at the consignee's end shall determine how the transit losses may be adjusted. In the case of dispute the matter shall be referred to the Services Chief at the consignee's end, if the amount involved is within his financial powers for final decision. Only cases exceeding his financial powers shall be referred to the government.

Total Marks 07

Q.6. Rule- 72 of Office Manual.

72. Instructions Regarding Ration and Forage Return

a. The ration and forage return (PAFS-1519) shall be completed by the unit or formation in accordance with the general instructions on PAFS 1518 and kept on record for audit by the local audit officer.

b. The ration and forage return contains:

- (1) An account of stores received and issued or consumed.
- (2) Account showing quantity and value of grain admissible and of that consumed.
- (3) Account showing quantity of fodder and bedding admissible and of that consumed.

c. (1) All rations of troops, and airmen entitled to free ration shall be drawn in full or as actually required during the month to which they pertain. Rules regarding under drawals and over drawals of rations are laid down in the AR(R).

(2) The cost of rations issued on payment shall be recovered in accordance with AR (R) 505 to 509.

(3) Supplies of provision articles written off as free issues according to scale must be in accordance with standard authorised scale, any variations being explained as authorized substitutes or as extras issued under the competent financial authority (which must always be quoted).

(4) The balance of rations in hand brought forward at the beginning of the month must agree with the closing balance of the previous month's return; this balance must be checked under the orders of the officer commanding as to the correctness of the stock. Any surplus found shall at once be credited to Government in the return and deficiencies dealt with by the competent financial authority on loss statements. No re-adjustments of the balance shall be permitted subsequent to the audit of the return by the Local Audit Officer.

d. The following instructions for the preparation and adjustment of the forage accounts are to be carefully observed:-

(1) Credit shall be taken monthly in the forage accounts paras (2) and (3) of sub rule b above for the full value of standard rations of grain at the rates contained in stock book rate list and the quantity of fodder. No alteration shall be made in any item of the standard ration.

(2) The account at paras (1), (2) and (3) of sub rule b above must be balanced monthly



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

and any credit or debit balance in each account carried forward to the succeeding month. The accounts at paras (2) and (3) of sub-rule b above shall be closed on the 30th June, debits and credits in the two accounts being adjusted in the following manner:-

- (a) When both the accounts show a credit balance, 50 percent of the unit's entitlement for the month of June (and not 50 percent of the credit balance in the forage account for June) shall be carried over into July any excess over this quantity being surrendered.
- (b) When both the accounts show a debit balance, the amount of the debit shall be referred for sanction of the competent financial authority.
- (c) When one account shows a credit balance and the other a debit balance the actual amount required to wipe off the debit shall be transferred from the credit account. If any credit balance still remain up to 50 percent of the unit's entitlement for June of the credit account only shall be carried over into July as at (a) above. If the debit in one account is not covered by the whole of the credit in the other account, the uncovered debit shall be referred for sanction of the competent financial authority as at (b) above.

(3) Officers Commanding units are at liberty to feed their animals on any recognized description of forage, subject to instruction (5) below and to fix the actual scale of issue; but are held responsible that the aggregate value of the standard rations of grain and the aggregate quantity of the standard rations of fodder are not exceeded during the financial year except in unavoidable circumstances. The object of the running accounts is to allow of a credit being accumulated by means of the issue of reduced ration or of cheaper grain when the animals are in light work which shall admit of a more liberal and varied ration being given when the animals are in hard work. Officers Commanding are not allowed to draw stock in excess of their immediate requirements. The local Audit Officers shall raise an objection against all large balances of stock in hand.

(4) Should the debit balance of a unit be attributable to the ration scale being necessarily increased to meet exceptional hard work connected with manoeuvres, the debit balance (not the total extra expenditure) arising from this cause must be met from the grant for the maneuvers debit balance due to other causes may only be written off by the competent financial authority after careful investigation of the circumstances and on its being proved to his satisfaction that the extra expenditure was unavoidable.

(5) The various descriptions of fodder which are in season, and the extent to which they are available shall be notified periodically in divisional orders (after taking the advice of the local farm and veterinary officers concerned) by the divisional commander after very careful scrutiny of their respective values and satisfying himself that the cheapest class of fodder is issued with due regard to the health of the Government's animals and in the case of fodder differentiating in the amounts to be issued according to the amount of hard work being done, less being issued as the work becomes hard. Demands of units shall be restricted to the prescribed descriptions and quantities. When condemned human food, eg, biscuits, etc, is pronounced by veterinary authorities as fit for animal consumption, it shall be issued at equal weight of bran.

(6) The utilization of any credit balance for the accumulation of stocks of forage is prohibited. Any balance of stocks on hand on the 30th June after the issue of the daily feed should be carried forward as the opening balance of the following year's account.

e. The following procedure shall be observed for utilising credits in the fodder account against debits in the grain account or vice versa, and in the adjustment of cost of carrots purchased for Government's animals:

- (1) Units shall intimate to the Assistant Director supply and transport logistic area concerned, on the 1st of April each year, the approximate quantity of fodder and value of grain which they wish to under draw for the provision of extra grain, fodder and for expenditure on carrots (giving quantity working on last year's average rate), by under drawing fodder or grain during the financial year.



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

The Assistant Director supply and transport logistic area, shall then refer to the Assistant Director remount veterinary and farm (Farms), who shall, after consulting his resources, intimate by 1st June to the Assistant Director, supply and transport logistic area, the total quantity that can be provided to meet the overdrawals of fodder and also the extent to which the intended underdrawals of fodder can be permitted. The Assistant Director, supply and transport logistic area, shall then intimate to each unit separately the amounts in cash to which fodder or grain can be underdrawn for the provision of extra grain, fodder and/or carrots. This limit shall not be exceeded without reference to the Assistant Director, supply and transport logistic area.

(2) In the case of fodder underdrawn it shall be valued at a rate to be notified by the Assistant Director, remount veterinary and farm. In the case of grain underdrawn the unit shall be allowed to draw dry fodder or its equivalent on a value for value basis. For this purpose grain shall be valued at stock book rates for free issues as published in the stock book rate list annually.

(3) The amount involved in the case of purchase of carrots by the Underdrawal of fodder or grain shall be intimated to the Assistant Director, supply and transport logistic area, monthly for inclusion in budget compilations, the transaction to pass through the accounts of the unit concerned. The cost of carrots purchased by underdrawals of fodder or grain shall be debited to Army Services Corps budget estimates.

(4) Units shall obtain carrots by direct purchase and submit bills to the Controller of Accounts for payment.

(5) In the case of debit-balances arising at the end of the financial year fodder shall be written off at the last published all Pakistan general supply rate of the military farms and grain shall be written off at the stock-book rates for free issues in force at the time.

f. When the animals do not accompany a unit on its transfer to another station the unit, which takes over the animals shall also take over their forage-account, but no unit shall be required to take over a debit balance. Should a debit-balance exist the officer commanding the outgoing unit shall be held responsible for the same and must, before leaving the station, apply for its write off.

g. Officers commanding units may utilize credits in their monthly account to the extent of ten rupees per mensem for each horse and five rupees permensem for each mule or bullock in purchasing for themselves any articles bonafide to be consumed by their animals provided that the Assistant Director, remounts, veterinary and farms, or the Army Services Corps can find the necessary cash by short purchase of ordinary articles of rations not consumed. All articles required by the Officer commanding unit must be purchased by the Assistant Director, remounts, veterinary and farms, or the Army Services Corps, and supplied by them to the unit. When demands have been submitted by units they may not be withdrawn except with the consent of the corps concerned.

h. As regards recovery of the cost of forage rations issued to slaughter animals maintained by contractor at stations butcheries Army Service Corps Regulations, Volume II (Instructions) 97 shall apply.

Total Marks 08

Q.7. (R-37) PPRA 95)

37. Conditions for use of single stage two envelope, two stage and two stage two envelope bidding procedures.-

Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for most of the procurement. Other appropriate procedures of open competitive bidding shall be selected in the following circumstances, namely:-



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

(a) single stage two envelope bidding procedure shall be used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation.

(b) two stage bidding procedure shall be adopted in large and complex contracts where technically unequal proposals are likely to be encountered or where the procuring agency is aware of its options in the market but, for a given set of performance requirements, there are two or more equally acceptable technical solutions available to the procuring agency; and

(c) two stage two envelope bidding method shall be used for procurement where alternative technical proposals are possible, such as certain type of machinery or equipment or manufacturing plant

Total Marks 05

Q.8. Part –IV Rule- 1,2& 7 DPP&I)

ADM/LEGAL MATTERS

1. **Administrative Actions.** To ensure that suppliers/firms do not resort to any violation in business with all DPs, PC Sections of DGDP or commit any un-business like activity like against business ethics/any fraud/illegal gratification/gifts/cheating or not fulfilling contractual obligations. DGDP is empowered to take administrative/legal action against such supplier/firms. Types of actions for various types of violations are different as follow:-

a. Black Listing.

b. Removal/Cancellation of registration

2. **Black Listing.** It is an action against supplier/firms where they are totally kept out of business with DGDP and all other Govt/semi Govt organizations that in some way or the other are involved in procurement of stores. In addition all other Govt departments are requested to take similar action, similarly if any other Govt department/organization blacklist a firm, same action will be taken by DGDP also. Such type of action is taken only once the firm commits any of the act tabulated below:-

(a) Act of fraud/cheating

(b) Action prejudice to the national security and safety.

(c) Providing information of vital interest to the enemy.

(d) Making deliberate false statement and supply material, designed to cause damage to the interest of state.

(e) Act of illegal gratification/gifts.

(f) Willful non-adherence to the contractual obligations

7. Procedure Adopted for Awarding Punishment.

a. Respective DPs will initiate a disciplinary case against the defaulting firm providing all the relevant proof/documents to Registration Section DGDP. It must bear the recommendation of the officer in channel.

b. If the firm is involved in serious nature of disciplinary case and complainant DP has recommended the firm for blacklisting, then a pre-cautionary letter will be issued at once to all Procurement Agencies and contract if any with the hand will be signed only after clearance from DGDP.

c. Registration section will undertake following actions simultaneously:-

(1) Obtained performance of the firm for the last three years from all the DPs/Procurement Sections of DGDP.

(2) Will issue a Show Cause notice to the firm (if part case is complete in all respect giving two weeks time to firm to reply).



Summer Exam-2023

Solutions – Store Accounting & Contract Evaluation (Application)

(3) Show cause notice of complicated nature having legal ramification will be referred to AD (Legal) for advice before issuing to the firm.

d. Firm's reply/justification received in response to show cause notice will be sent to the complainant for comments.

e. Basing on the performance of the firm, comments received from the DPs and offence/complaint, the case will be analyzed by the Registration Section.

f. Hearing date will be given to the firm in the presence of complainant DP's rep.

g. The decision of DGDP will be communicated to the firm with intimation to all the DPs/Procurement Section. If the firm is blacklisted then other Govt department/agencies will also be intimated.

Total Marks 05
