



**Pakistan Institute  
of Public Finance Accountants**

# **Model Solutions**

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

**PMAD**

**Winter Exam-2024**

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### Solutions – Store Accounting & Contract Evaluation (Theory)

#### Q.1. Rule 21 Annex B1(a to P) of FR Vol I 1986

1. Military Accountant General
  - a. Head of Military Account Department.
  - b. Compilation of Defence Services Receipts and Expenditures.
  - c. Conduct of Local Audit of Defence Services expenditure and rendition of general statement of account reports.
  - d. Consolidation and submission of Appropriation Accounts, Annual Review of Balances, Finance & Revenue Accounts, Consolidated Balanced Account and other Annual Accounts as heretofore.
  - e. Assisting Secretary General Defence before Public Accounts Committee
  - f. Preparation of Pension Budgetary figures in respect of three Services and Civilian Pensioners of the Defence Services and submission thereof to Ministry of Defence.
  - g. Rendition of audit reports on cases referred by Ministry of Defence, Finance and Service Headquarters.
  - h. Audit interpretations.
  - j. Framing, up dating and revision of Account Codes and Manuals.
  - k. Monitoring of Controllers working through reports and returns and inspections.
    1. Co-ordination of accounting and audit matters of the three services.
  - m. Recruitment, training, promotions and departmental examinations for all departmental grades.
  - n. Administration of Military Accounts element of Accounts Group.
  - o. Welfare measures for PMAD.
  - p. PMAD Budget.

#### Q.2. Rule 59 Annex C (2) (a, b, c) of FR Vol I 1986

2. Supply of locks for use in Government Offices
  - a. The purchase of locks will be governed by the rules for the supply of articles for the public service. (See Financial Regulations, Volume I).
  - b. As a general rule, locally manufactured locks should be purchased in accordance with the stores purchase rules (Financial Regulations, Volume I).
  - c. In exceptional cases imported locks may be used. As the requirements of individual officers in respect of imported locks are usually small and the cost trifling. Such locks should ordinarily be purchased locally under performance (iii) in the preamble to the Stores Purchase Rules.

#### Q.3 228 O.M Part-III (Store)

**228.** The following annual accounts and subsidiary accounts pertaining to Military Farms are received in Stores Section duly audited and endorsed as such by the L.A.O. concerned.

- (1) Trading Account (PAF(DF)-24).
- (2) Capital Account (PAF(DF)-26).
- (3) Balance Sheet --do--
- (4) Herd Statistics.
- (5) Renewal Reserve Fund Account (PAF(DF)-58).
- (6) Reserve Fund Account (PAF(DF)-56).
- (7) Statement showing sales of Dairy Produce (PAF(DF)-55).
- (8) Reconciliation statement of dairy produce sold with the amount realized (PAF(DF)-73).
- (9) Produce and disposal statement of dairy produce (PAF(DF)-28).

#### Q.4. 215 O.M Part-III (Store) Store Audit sub Section

**215.** The Store Audit Sub Section deals with:--

- (1) Payment issue schedules [P.A.F. (CMA-615)] in respect of issues made by Store Depots to Non Military Departments Stores and private individuals, received from the L.A.Os.
- (2) Adjustment and disposal of payment issue vouchers and T.Rs. relating to Clothing,



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equipment and A.S.C. Articles (with the exception of those pertaining to Annual Training Grant Misc. Allotments and Conservancy allotments).

- (3) Refund claims in respect of stores returned by Non-Military Departments.
- (4) The cash accounts and the Annual Trading Accounts of Farms and Remount Depots.
- (5) The maintenance of Statistics in connection with the publication and revision of the rate lists for stores locally purchased and those supplied by bakeries, butcheries etc.
- (6) The pricing of vouchers and loss statements as laid down in Section V.S.A.I.
- (7) The comparison of invoices of Stores received from abroad with Packing Accounts and their submission to the Mission concerned abroad.
- (8) The scrutiny of Loss Statements.
- (9) Compilation of Annual Statements of Store lost.
- (10) Audit and payment of claims for refund of empty cartage cases load and fired bullets etc. returned to ordnance Depots.
- (11) Audit of Sales account of disposal of surplus and waste stores of Defence Services.
- (12) Audit and payment of claim for washing public clothing of Units/Formations”.

#### Q.5. JAC

- i Joint Appeal Committee

#### Q.5. L of I

- ii Letter of intent. Issued before signing of contract but after approval of purchase proposal by CPO.

#### Q.5. PVC

- iii Price Variation Clause. A clause stipulated in a contract to cover fluctuations in the labour and material charges prevalent at the time of supply of stores which could not be anticipated at the time contract was placed.

#### Q.6. Wharfage bill of entry

- i A Port Trust document used by Embarkation HQ for clearing Military stores through Port Trust after paying Wharfage charges.

#### Q.6. Letter of guarantee

- ii A letter furnished to the ship's owner/agent to obtain a Delivery order for Cargo in the absence of Bill of Lading.

#### Q.6. Bill of Lading

- iii Document on which the Master of vessel acknowledges the receipt of the stores on board the ship shown on the form, which are to be conveyed and delivered under conditions specified in the Charter party or other agreement. The bill of Lading is also the legal instrument by which the consignee establishes his claim to the store shipped.

#### Q.6. Supply Depot

- iv Supply Depot means a Reserve Supply Depot or any Sub-Depot holding separate stocks of stores, Grain Depot and a Ghee Heating Centre.

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#### Q.1. SAI Abbreviations

##### a (i) Port Ordnance Officer(POO)

An officer on the staff of Embarkation Head quarters who deals with all imports and exports of Ordnance stores and also acts as technical adviser to Embarkation Comdon handling of ammo and dangerous cargo.

##### (ii) Wharfage bill of entry .

A Port Trust document used by Embarkation HQ for clearing Military stores through Port Trust after paying Wharfage charges.

#### Q.1. 28 SAI

##### b 28. Articles of Ord Supply

- (i) Rates are published by Government of Pakistan in the Vocabulary of Ordinance Stores, Pakistan.
- (ii) Rates are published by Government of Pakistan in the Vocabulary of clothing and necessities, Pakistan.
- (iii) Rates are published in Catalogues compiled by CMT & SD, Chaklala.
- (iv) Rates are furnished by the Ministry of Finance (Mil) to the CMA.

#### Q.2. Rule 5(a) of F.R vol-I 1986

**No, not in order as per rule**

**5. Sanctioning of Defence Expenditure.** Defence expenditure may be sanctioned by the Ministry of Defence and by the authorities subordinate to it on the following conditions, namely:

- (a) It shall pertain to defence.

#### Q.3 Yes expenditure was made in piecemeal.

**COAS is the CFA.**

##### **Rule 19 of F.R Vol-I 1986**

19. Sanction in Installments. The limit which has been set in each case extends to each separate sanction. The criterion in any case is the total cost of measure and no measure, which requires the sanction of superior authority, shall be sanctioned by a subordinate authority in installments.

#### Q.4. Appendix I to Annex J (8) of F. R vol-II 1986 (1 in order, 2 & 3 Not in order)

##### **LIST NO. 1**

##### **Training Aids Authorised to be purchased by units and headquarters (upto brigade level)**

- 1. Calculators, all types.
- 2. Training charts.
- 3. Models of all types of equipment and ammunition.
- 4. Anti-Aircraft firing training aids.
- 5. Transparencies.
- 6. Map measuring scales, map reading aids.
- 7. Voltage stabilizer (for use with machines /gadgets purchased out of annual training grant).
- 8. Aids for training of animals held by army, eg, dogs, camels, horses and mules etc.
- 9. Preparation of sand models.
- 10. Lighting equipment (all types) for command post used for training exercises.



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#### Q.5. 192 O.M-III (Stores)

##### (B) Audit Procedure

192. In auditing a contractor's bill the following main points should be observed:-

- (1) That the bills (prepared in ink) and vouchers are in the prescribed forms, are in original, and are prepared by persons authorised to do so.
- (2) That the purchase of stores has been sanctioned by competent authority.
- (3) That the arithmetical calculations are correct, and that the totals are expressed in words as well as in figures.
- (4) That vernacular signatures are transliterated into English and thumb impressions attested by some well-known persons.
- (5) That signatures are in ink.
- (6) That Revenue stamps are affixed for sums in excess of Rs.20/- and are defaced.
- (7) That the supporting vouchers bear an endorsement by the depot or unit concerned as to the month's Account, or the particular return in which the stores have been brought on charge by the officer commanding the Unit or Formation.
- (8) That the rates charged agree with those in the Register of sanctioned tenders. In the case of purchases of stores by units or depots for which no contract has been entered into, the rates agree with those on the supply orders accompanying the bills and that the rates have been certified as being correct. Supply orders (P.A.F.Z.-2135) are endorsed with a certificate by the OI/c supplies to the effect that the purchases have been made at the lowest market rates.
- (9) That the ratio in the supply of fresh items, which may appear in the special conditions of the contract, and may be susceptible of check on the basis of each bill, is adhered to.
- (10) That no supplies have been made after the expiry of the period of a contract.
- (11) That in the case of supplies made by a party or agency other than the person with whom a contract exists the penalties prescribed in the regulations or in the agreement have been executed from the defaulting contractor.
- (12) That in the case of bills for local purchase of stores by an Ordnance Depot or Medical Store Depot, the following documents are furnished in support:--
  - (a) A copy of the informal agreement duly sanctioned by the competent authority, if no contract exists for the supply of stores.
  - (b) A copy of the inspection note with a certificate endorsed by the Depot concerned that the stores have been brought on charge.
- (13) That P.A.F.S.-1520 or supply order or inspection note bears the serial number, and further that P.A.F.S.-1520(prepared separately for each unit and each month) has been signed both by the officer receiving the stores and the supplier.
- (14) That the total payments made against a particular contract, do not exceed the amount of contract by more than 5% and where there is an excess, the sanction of CFA is obtained vide Rule 89 F.R. Vol-I 1986. This check will be exercised through the medium of the Income Tax Register.
- (15) That the signatures on the bills and vouchers should agree with those given in the contract deed. In the case of casual suppliers, the signature should be attested by the officer to whom supplies/services were made/rendered.
- (16) When an agent is appointed to carry out the provisions of the contract, a properly executed power of attorney will be necessary before his signatures are accepted in audit on vouchers, bills etc.
- (17) In the case of a firm having two or more partners either all the partners should sign the bill or they should authorise one of them with properly executed power of attorney to execute the contract and sign bills, receipts etc.
- (18) Security deposits as ordered by the authorities sanctioning the contract deed have been deposited within the stipulated time as specified in the tender forms or contract deed.



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- (19) The description of the articles billed for should agree with the nomenclature used in the contract deed/informal agreement as well as in the supply order.
- (20) In the case of hospital and spasmodic supplies prior sanction of the CFA is obtained and submitted in support of the claim. The No. and date of such sanction should also be noted on the supply order.
- (21) In the case of risk purchases, risk purchases statement has been immediately submitted to the CMA for effecting recovery and the contractors concerned have been informed accordingly.
- (22) Payment of excise duty will be made when specifically provided for in the contract agreement on submission of the claim duly countersigned and supported by proof of actual payment in original.
- (23) Payment of Sales Tax where so specified in the contract agreement will be made without any further verification.

“A report showing the amount of Sales Tax paid will be rendered to the local Sales Tax authorities half yearly on 10<sup>th</sup> March and September every year in the following form”:

S.No.	Name & full address of Contractors	Items of supply	Total amount paid including Sales Tax shown in column-5
1	2	3	4

Date & amount of Sales Tax paid	Date of payment
5	6

#### Q.6. Annex D 1, 2 of DP-35

#### Annex-D

#### Appeal Procedure

1. Firm can make appeal against any penalty/disciplinary action, rejection of store or any problem area towards the execution of the contracts to the Competent Purchase Officer with a copy to DGDP/Director of Procurement concerned. Appeal be forwarded with full grounds and justification to DGDP/Director of Procurement concerned or Secretary (DP).

2. Appeal if made to Secretary (DP) for hearing before Joint Appeal Committee (IAC) shall be subject to payment of appeal fee of Rs. 5000/- in favour of state; otherwise appeal will not be entertained. There is no fee for appeals made to other authorities in the chain of procurement as mentioned above. Such appeals will be however responded in normal manner by appellant authority and not placed before IAC.

#### Q.7. PPRA ba & BB

\*[(ba) “call off order” means an order placed by a procuring agency under general terms and pricing on a range of goods under closed framework agreement, without having to negotiate terms every time;

(bb) “closed framework agreement” means an agreement with specified terms and conditions with an agreed price;]

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