



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Treasury and Subsidiary
Treasury Rules
(Theory & Application)**

Summer Exam-2023

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Solutions – Treasury & Subsidiary Treasury Rules (Theory)

Q.1. The audit of Treasuries by the Accountant General office will be normally triennial unless desired by the special circumstances for frequent inspection of the treasuries. The inspection should not be conducted during first three days and last three days of a month due to rush of work and closing/preparation of monthly accounts. The primary object of the inspection is to assist the District Authorities in ascertaining that the rules and regulations are being followed in the Treasuries. Each and every voucher is not checked, rather it is verified that the rules and regulations issued by the Government are being followed strictly and that the accounts are prepared correctly. (Page 39)

Total Marks 05

Q.2. In case of monies received by a government servant which is not part of the provincial revenues, may be deposited in a separate account of federal government to be opened in the State Bank of Pakistan or Post Office saving bank or any other bank approved by the government. The government servant shall be held personally responsible for the expenditure to be incurred out of these funds strictly under the rules and regulations in force. (Page 45)

Total Marks 05

Q.3. A Treasury Officer will receive forest remittances:

- (i) When paid in by a Forest Officer.
- (ii) When challans are countersigned by a Forest Officer.
- (iii) When the Treasury Officer is specially authorized to receive it.

In all above cases, the Treasury Officer will forward them to Divisional Forest Officer for including in their accounts. All money received by the Officers of Forest Department shall be paid into nearest treasury as soon as possible for credit as forest remittances. The term as soon as possible means on the same day or the next working day. The remittances may be in cash or partly in cash and partly through Cheque. A separate receipt may be issued for cash and Cheque receipts. (Page 54)

Total Marks 05

Q.4. Cashiers, store keepers, sub-store keepers and clerks handling cash are required to furnish security deposit according to the volume of cash to be handled by them. The security deposit should not be less than 10% of the amount of cash handling. The security should be taken in the form of cash or in shape of interest bearing certificates as detailed below:

- (i) Post Office 5 years cash certificates.
- (ii) Post office pass books.
- (iii) National Savings Certificates.
- (iv) Government securities as per Government Securities Manual.
- (v) Municipal debentures or Port Trust Bonds.

The Post Office pass books should be sent to Post Office every year in September for interest addition/calculation. The cash security should be converted into interest bearing certificate subject to written request of the employee. (Page 60)

Total Marks 05



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Solutions – Treasury & Subsidiary Treasury Rules (Theory)

Q.5. No bill may be paid at Sub Treasury unless it is at first submitted to Treasury Officer and payment directed by him. However certain classes of bills have been permitted to be paid at Sub Treasury as detailed below without reference to the Treasury Officer.

- (i) When any Drawing Officer wishes to draw salaries of his subordinates from a Sub-Treasury or any other service payments, he may obtain a cash order from the Treasury Officer or a Tehsildar letter of credit. The cash order or a Tehsildar letter of credit shall expire on 30th June or after three months from the date of issue.
- (ii) Furthermore, following classes of payments can be made directly at Sub Treasury as per exemptions allowed by the Government:
- (iii) Discount on sale of stamps.
- (iv) Pensions in cases where the Pension Payment orders have been transferred by Collector to be paid at Sub Treasury.
- (v) Payment to the following departments:
- (vi) Forest Department.
- (vii) Public Works Department.
- (viii) Municipalities and small Town Committees.
- (ix) Service postage stamps may be issued directly at Sub Treasury on presentation of bills.
- (x) Re-payment of Revenue Deposits received directly at a Sub Treasury on the orders of Tehsildar in case of civil and criminal courts and court deposits. (Page 72)

Total Marks 05

Q.6. Only the Treasury Officer or any person authorized by Accountant General/Director General, Works Accounts, is the competent authority for withdrawal of money from Consolidated Fund or Public Account. (Page 19)

Total Marks 05

Q.7. The Collector/Deputy Commissioner of the District shall hold the general charge of every treasury in a District. He shall be responsible for ensuring proper observance of the rules and punctual submission of reports required from treasury, verification of balances and accounts as required by the Government, State Bank of Pakistan and the Accountant General. The balances should be personally verified by him at least once in six months. (Page 13)

Total Marks 05

Q.8. The following are the two main departments of a Treasury.

- (i) Accounts Department
- (ii) Cash Department

Accounts Department is headed by an Accountant and the cash department is headed by a Treasurer. (Page 13)

Total Marks 05



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Solutions – Treasury & Subsidiary Treasury Rules (Theory)

Q.9.

House Building Advance	In case of advance against salaries sanctioned by the AGPR or the provincial AG office, the unpaid balance to be waived off. (Establishment Division's O.M No. 7/40/2005-E-2, dated 13 th June, 2006).	In case of advance against salaries sanctioned by the AGPR or the provincial AG office, the unpaid balance to be waived off. (Establishment Division's O.M No. 7/40/2005-E-2, dated 13 th June, 2006).
Motor Car, Motor Cycle and Bicycle Advances	The waiver of balance amount of Motor Car, Motor Cycle and Bicycle Advances which the deceased employees secured while they were in service. (Establishment Division's O.M No. 8/1/2011-E-2, dated 3 rd November, 2011).	The waiver of balance amount of Motor Car, Motor Cycle and Bicycle Advances which the deceased employees secured while they were in service. (Establishment Division's O.M No. 8/1/2011-E-2, dated 3 rd November, 2011).

Total Marks 05



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Solutions – Treasury & Subsidiary Treasury Rules (Application)

- Q.1.** Officers under training, who hold substantive appointments under Government, may be given independent charge of Sub-Treasuries.

The position of an officer under training or Honorary Tehsildar or Naib-Tehsildar, who does not hold a substantive appointment and who cannot be given independent charge, is that while the permanent Sub-Treasury Officer should pass payment orders on the bills, presented at the Sub-Treasury and retain the keys of the double lock strong room, the officer under training should sign all the registers (except single and double lock registers) and vouchers etc and dispose of the correspondence in the Sub-Treasury Office on behalf of and subject to the supervision of the permanent Sub-Treasury Officer, who should be shown in all returns as the officer in charge. When an officer is under training, it is understood that he performs such duties of Sub-Treasury Officer as Government permits him to discharge. But in the case of duties which the Sub-Treasury Officer must himself perform, it is also understood that the officer under training should act as an under-study to the Sub-Treasury Officer: he should sit by his side and see in detail all the work done by the Sub-Treasury Officer.

If an emergency arises in which both the Tehsildar and the Naib Tehsildar are unavoidably absent from the Tehsildar head quarters, it would be open to the Collector to select the Honorary Tehsildar or Naib-Tehsildar, under training, to perform the duties of Sub-Treasury Officer. Any such case should be reported to the Government.

In special cases when the permanent Sub-Treasury Officer is unavoidably absent for a day or two through illness and cannot personally handover the charge of the Sub-Treasury to a successor, the responsibility must remain even during his absence with the permanent Sub-Treasury Officer unless it can be shown that the temporary officer was guilty of negligence or that some irregularity was actually committed under his orders. But each case would have to be decided on its merits.

Total Marks 10

- Q.2. SWEATED COINS:** These are the coins which have suffered from the action of chemicals and are, therefore, invariably reduced in weights. The surface is generally rough and discolored, and if seen through a magnifying glass, small pitting can be discerned. The letters and figures are sharp in appearance and in some instances slightly increased in size. Care should, however, be taken not to mistake burnt coins for the above. These coins are not rejected as fraudulently defaced unless the signs of sweating are clear enough to be obvious to the public. A rupee coin weighing below 157.5 grain i.e.; $7/8$ of tola, should in variably be examined for signs of fraudulent defacement.

DEFACED COINS: Defaced coins bearing clear signs, i.e.; such as must be obvious to the public of defacing with fraudulent intent are rejected as fraudulently defaced. Coins from which metal has been deliberately removed, by filing clip ping, scooping or punching are rejected as fraudulently defaced. Coins on which any part of the design has been obviously re-engraved by hand are rejected as fraudulently defaced.

REMILLED COINS: Coins which have been remilled are rejected as fraudulently defaced, but coins used as ornaments of which a section only has-been remilled to restore the milling unevenly filed in the process of removing the solder should not necessarily be regarded as fraudulently defaced.

DRILLED COINS: Coins, which appear to have been used as ornament and which bear no other signs of reduction are not fraudulently defaced, but are accepted as defaced. If tendered in large numbers however, a fraud should be suspected.



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Solutions – Treasury & Subsidiary Treasury Rules (Application)

STRIATED COINS: These coins have striations redialing from the centre of either side of the coin towards the edges. Coins bearing numerous striations, though not reduced in weight are rejected as fraudulently defaced. Coins with slight scratches are not fraudulently defaced.

Light Weight Cows: Coins which have lost in weight over quarter of a total are always rejected as fraudulently defaced

Patched Coins: Cut or broken coins that have been patched together with solder arc rejected as fraudulently defaced.

Soldered Cows: Soldered coins are accepted provided that(i) They are in one piece(ii) They retain sufficient impression to admit of identification as genuine Pakistan coin. If un-identifiable they are returned uncut as unacceptable coin, (iii) The solder has been carefully and sufficiently removed by tools or by heat treatment, (iv) They have not been reduced by sweating with acid (v) Metal has not been scoped or field from the coin under pretence of removing solder. (vi) Pieces of the original coin have not been removed and replaced with solder or base metal.

Total Marks 10

Q.3. Treasury Rules Vol-1

PART VIII.

PUBLIC DEBT

SECTION I.

PERMANENT AND TEMPORARY LOANS

591)

When under the terms of a loan notification, issued by the Government, subscriptions to any new loan are receivable at the treasury, the-procedure to-be observed by the Treasury Officer in receiving such subscriptions and crediting them into the Public Account shall be regulated by the provisions. of Chapter VII of the Government Securities Manual and by such supplementary instructions, if any, as may be issued by the Government in this behalf.

592)

The procedure to be followed by Treasury Officers and the Public Debt Offices in making payments in respect of the principal of any loan when it falls due shall be governed by the rules contained in Chapter VIII of the Government Securities Manual and supplementary instructions issued by the Government in this behalf.

Total Marks 10

Q.4. Treasury Rules Vol-1

PART VI.

SPECIAL RULES FOR BANK TREASURIES

SECTION I.

GENERAL

426)

The rules in this part are intended primarily for the guidance of Collectors and Treasury Officers and of officers of the Bank in dealing with the receipts and disbursements on account of the Central Government at places in which the cash business of the treasury is conducted by the Bank. They include information on most points likely to arise; but in cases of doubt, and as a general rule, the Collector shall refer the matter to the Accountant General.



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Solutions – Treasury & Subsidiary Treasury Rules (Application)

Note. At places where there are branches of the State Bank of Pakistan, namely, at Karachi, Dacca, Lahore, Chittagong, Peshawar, Khulna, Lyallpur, Bogra, Quetta, Rawalpindi and the cash business of the Government is for the most part conducted by the State Bank of Pakistan. At other places where there are branches of National Bank of Pakistan, which acts as agents of the State Bank, in accordance with the provisions of the State Bank of Pakistan Order, 1948, the cash business of the Treasury is conducted by those branches of the National Bank of Pakistan.

427) In printed and manuscript forms or documents used in connection with Government business at the Bank, the words " General Treasury " shall never be used, as those words do not correctly represent the relation of the Government to the Bank. Any other erroneous expressions which misrepresent this relation shall be carefully avoided by all Government officers.

428) The Bank will be kept open for the transaction of treasury business on a recognised holiday, if so required by the Collector.

429) At any station where an office of the Accountant General attached to a Province is located and where a treasury does not co exist with the Bank, the functions of the Treasury Officer under the rules in this part will except where the context otherwise requires, and subject to the provisions of sub-rule (2) of rule 6, be performed by the Account ant General, Pakistan Revenues, or by the local Accountant General as the case may be.

430) All bills, cheques and other documents passed by Treasury Officers and offices of Accountants General for payment at the Bank, as well as Interest Payment Orders, etc., being non-negotiable instruments, warrant special precaution on the part of the Bank in the matter of identification of payees. No endorsements being permissible, all such claims have normally to be presented by the payee personally at the Bank. To facilitate business, the Bank will, however, disburse payments of such, claims when presented through messengers who can be identified provided the Bank is previously in possession of specimen of payees signature as recorded there on.

Note. –Pre-audit cheques drawn by the Account Offices directly on the Bank in payment of claims presented to them are negotiable instruments and fall within the scope of the note below rule 171.

430-A. Payment of cheques, including Public Debt Office Interest Warrants which are governed by the Negotiable Instruments Act, will be made in accordance with the provisions of that Act and any generally" recognised practice established among bankers by custom.

Total Marks 10



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Solutions – Treasury & Subsidiary Treasury Rules (Application)

Q.5.

Month	Opening balance	Monthly subscription	Refund of advance	Progressive total
July	150,000	970	1,000	151,970
August	-	970	1,000	153,940
September	-	970	1,000	155,910
October	-	970	1,000	157,880
November	-	970	1,000	159,850
December	-	970	1,000	161,820
January	-	970		162,790
February	-	970		163,760
March	-	970		164,730
April	-	970		165,700
May	-	970		166,670
June	-	970		167,640
Total		11,640	6,000	1,932,660

Total Marks 10
