



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Public Financial Management,
Financial Rules & Budgeting
(Application) (Federal)**

AGP | CGA | PMAD | PUBLIC

Summer Exam-2024

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- Q.1.** Criteria for provincial allocation in NFC Award is available in Federal Budget Manual-Section-3.5. it is given below:

Basis Criteria	Share
Population	82.0 %
Poverty or Backwardness	10.3 %
Revenue collection or generation	5.0 %
Inverse population density	2.7 %
Total	100.00 %

- Q.1.** A Public Company, as defined in ITO-Definition/47 is:

- b**
1. A company in which not less than fifty per cent of the shares are held by the Federal Government
 2. A company in which not less than fifty per cent of the shares are held by a foreign Government, or a foreign company owned by a foreign Government.
 3. A company whose shares were traded on a registered stock exchange in Pakistan at any time in the tax year and which remained listed on that exchange at the end of that year a unit trust whose units are widely available to the public and any other trust as defined in the Trusts Act, 1882

- Q.1.** Conditions for deduction of input tax from output tax are provided in Section 7/2 of the Sales Tax Act, which are as following:

- c**
1. He holds the tax invoices in his name and bearing his registration number in respect of such supply for which the return is furnished.
 2. In case of goods imported into Pakistan, he holds bill of entry or goods declaration in his name showing his registration number.
 3. If goods were purchased in auction, he holds a treasury challan in his name along with registration number.

- Q.2.** Supreme audit Institution of any country is its Auditor General's Department which conducts audit of the public sector spending. Features of an effective and successful Supreme Audit Institution are as follows:

1. Supportive environment to carry out its mandate
2. Clear mandate
3. Autonomy and Independence
4. Adequate funding
5. Adequate staff
6. Sharing of knowledge and experience
7. Adherence to international standards

Limitations of Pakistan SAI:

Despite SAI Pak is very independent as far as constitution is concerned, in practice there are certain limits on independence.

1. Lack of adequate monitoring and follow-up of the audit observations
2. Professional competence issues
3. Corruption
4. Funding issues, etc

Q.3. Domestic preference refers to the margin of preference given to local companies or individuals, and to locally made products, in the procurement of goods, works, consulting services, and non-consulting services. The examinee may answer this question as per following outline.
Main objective of domestic preference is promotion of local industry.

Q.3. Price preference to be accorded in following cases:

- b** Only in cases of procurement by the government and in case of procurement by other public sector agencies, bidders tendering for engineering goods produced in Pakistan shall be accorded a price preference in rupees up to a specific percentage (in proportion to the value addition) of the lowest quoted landed cost of an item of foreign origin with similar specifications as mentioned in the tenders provided that:
- (a) the saving in foreign exchange is not less than the amount of price preference
 - (b) it is ensured that in each case of such preference, the total import requirements for producing the supplies tendered for locally manufactured items has been duly indicated by the bidders

Price preference shall be allowed as under:

- (a) having minimum of twenty per cent value addition through indigenous manufacturing price preference shall be fifteen per cent.
- (b) having over twenty per cent and up to thirty per cent value addition through indigenous manufacturing, price preference shall be twenty per cent, and
- (c) having over thirty percent value addition through indigenous manufacturing, price preference shall be twenty-five per cent.

Q.4. Contingent charges mean incidental and other expenses which are incurred for the management of an office and for technical working of a department other than those which fall under the heads e.g. works, stock etc. treasury Rules 289 to 296 states general rules to regulate the contingent charges.

Students are required to extract their answer from these rules and state in their own words.

Q.5. Preliminary evaluation:

a Preliminary Examination to include:

1. Does the bidder hold a valid license from the PEC and fall within the category allowed to participate for the size of the project?
2. Has the bid been properly signed by the authorized person(s) and the authorization is available/bonafide?
3. Is the bid accompanied by the required securities i.e. the amount is adequate as required, conforms to the specified format and issued by an acceptable source?
4. Does the bid generally and substantially meet with the requirements of the bid documents?
5. Does the bid have adequate provision for clarifications, if required for substantiation of any elements desired by the Employer?

Detailed evaluation: During detailed evaluation of bids following aspects will be examined:

1. **Correction for Errors;** computational errors are corrected. The corrections are considered binding on the bidder. Unusual or large corrections that could affect the comparative ranking of bids should be explained in footnotes.
2. **Correction for Provisional Sums:** Bids may contain provisional sums set by the Employer/Engineer for contingencies or for nominated subcontractors, etc. As these sums are the same for all bids, they should be subtracted from the read out prices.

3. **Modifications and Discounts;** bidders are allowed to submit, prior to bid opening, modifications to their original bid. The impact of modifications should be fully reflected in the examination and evaluation of the bids. These modifications may include either increases or discounts to the bid amounts that reflect last-minute business decisions. Accordingly, the original bid prices should be modified at this point in the evaluation...
4. **Additions:** Omissions to the bid should be compensated for by adding the estimated costs for remedying the deficiency.
5. **Adjustments:** The instruction to bidders specifies which of the factors will be taken into account for adjustments of bid price in the bid evaluation. The value of adjustments will be expressed in terms of cost, for all works contracts.

Q.6. There is no doubt that official vehicles are commonly misused. There is a high tendency amongst the government officials and their families to use official vehicles for personal purposes. Its misuse can be minimized by certain stringent measures. The driver, officers, the head of department and the political set up can play important role in curbing the misuse. It's a difficult task and require strong commitment from the officers and the political leadership.

1. Monetization policy be strictly implemented.
2. The number of staff cars be reduced to a minimum.
3. The POL budget of the offices be gradually reduced to 50%.
4. The misuse of vehicle by the BS-20 and above officers be considered as misconduct. Officers concerned should be made aware of the staff cars rules and regulations. Disciplinary action be taken on violation of the monetization policy.
5. A monitoring cell may be established at Federal Government level or at Head of Department level to monitor the use of vehicles.
6. All the vehicles should be equipped with the tracking devices and should be monitored by the cell.
7. A WhatsApp number be made public. And public may be asked to send pictures of official vehicles if found parked outside restaurants, shopping centers or even schools and college to the monitoring cell. The monitoring cell may inquire into the cases sent by the general public.
8. Fleet card be issued to all the official vehicles.
9. In case of a reported misuse, action against the officer and the head of department be initiated.
10. Exit of official vehicles from municipal limits be completely banned except the vehicle has a permission letter from Head of department.
