



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Public Financial Management,
Financial Rules, Financial Control
and Budgeting (Provincial)
(Application)**

PG | CGA

Summer Exam-2024

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Public Financial Management, Financial Rules, Financial Control and Budgeting (Provincial) (Application)

Q.1. Answer should be in accordance with DFR-7.34. outline is as under:

a
Main objective of Secured advance is to improve contractor's cashflow. The amount of secured advance is usually 75% of the assessed value of non-perishable material brought at site. Advance is paid against the material at site. The value of material used in the permanent works is recovered from next bill.

Q.1. Documentation of economy means all the economic activity is on record. Main objective of documentation of economy is taxation.

b

Q.1. Answer should be in accordance with PBM-Appendix-E/10

c
In commitment accounting, the budget is dedicated for the future requirements/commitments. Main objective is to ensure that funds are not overspent because of unrecorded obligations/commitments. Commitment accounting requires that all funds required to meet future obligations are tracked.

Q.2. Answer should be in accordance with ITO-32, however, an outline of the answer is as under:

a
According to the Income Tax ordinance tax is computed in accordance with the method of accounting regularly employed by such person.

A company is bound to account for income chargeable to tax under the head "Income from Business" on an accrual basis, while other persons may account for such income on a cash or accrual basis.

For changing the method of accounting, a person may apply, in writing, for a change in the person's method of accounting and the Commissioner may, by order in writing, approve such an application but only if satisfied that the change is necessary to clearly reflect the person's income chargeable to tax under the head "Income from Business".

If a person's method of accounting has changed, the person shall adjust items of income, deduction, or credit, or to any other items affected by the change so that no item is omitted and no item is taken into account more than once.

Q.2. Answer should be in accordance with DFR-2.8, Appendix-1 Part-III. An outline of the answer is given below:

b

In order to declare certain new work Productive, the following conditions should be met.

1. If it is certain that within ten years of completion, the revenue derived from the project will repay the annual interest on the invested capital.
2. It must be susceptible of having clear Capital and Revenue account it kept.
3. The classification as productive is approved by the competent authority.
4. If these conditions are not fulfilled the work will be considered as Unproductive.

Q.2. Answer should be in accordance with Constitution/Article-126 and may be on the following outline;

The provincial government may authorize expenditure from Provincial Consolidated fund in respect of estimated expenditure for period not exceeding four months in any financial year, pending completion of the prescribed procedure of Article-122.

Q.3. The examinee is expected to draw answer in accordance with PFR-2.8 in own words.

Q.4. **Public Finance has following main functions:**

- Generation, allocation, and distribution of resources
- Price Stabilization
- Employment generation
- Monetary and fiscal policies and economic growth.

Public Sector has following limitations:

- Resource constraints
- Administrative limitations
- Social and political acceptability

Q.5. **Introductory entries on each set of measurements** may be on the following lines.

Name of work: Signal-free Canal Road Project
Situation/locality of work: Jauhar Town Lahore
Agency executing the work: LDA
Name of contractor: M/s ABC Company
Number & date of agreement: Letter No.....dated 30.7.2013
Date of written order to commence work: Letter no.... 12.8.2023
Date of completion of work: 14.11.2023
Date of measurement: 15. 10.2023

Actual measurement be made by the examinee on following format of Form DFR-PW-20

Particulars	No	L	B	D	Contents

Q.6. An outline for the answer is given below:

According to Punjab Procurement Rule 8, procuring agencies shall devise annual planning for all proposed procurements within one month from the commencement of a financial year. The objective is to realistically determine the requirements as per available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future. Importance of the Procurement Plan includes the following:

- Procurements are Resources are adjusted according to budget for the whole year.
- Only the most important procurements are planned.
- Timelines for the whole processes of procurement are fixed as per requirement.

Template for the procurement Plan prescribed by the Punjab PPRA is enclosed. The examinee must fill in all the columns.
