



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

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

Treasury

Summer Exam-2024

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Treasury & Subsidiary Treasury Rules (Theory)

Q.1. Rule -39-46 Treasury Rules Vol-1

COLLECTOR

39) The Collector, as in general charge of the treasury, shall be immediately responsible to the Head of the Local Administration for its general administration and working. The appointment of a subordinate to the immediate charge of a treasury shall in no way relieve the Collector from responsibility. This responsibility extends not only to the security of cash balance, stamps, opium and other Government property, and the immediate detection of any irregular practice on the part of the subordinates, but also to the correctness of prescribed accounts and returns and the punctuality of their submission, and to the implicit obedience of the Treasury Officer to the instructions issued by the Accountant General, the Currency Officer or any other competent authority.

40) The Collector shall send immediate notice to the Accountant General and other concerned authorities of any defalcation or loss of public money, stamps, or opium and other property discovered in the treasury or any sub-treasury, even when such loss has been made good by the person responsible for it. Such notice shall be supplemented as soon as possible afterwards by a detailed report after personal investigation into the case. In dealing with cases of defalcations or losses as aforesaid and in reporting such cases to the Accountant General and other authorities, the Collector shall be guided by such general orders or instructions as may be issued in this behalf by the Government and by the Head of the Local Administration.

Petty cases, that is, cases involving losses not exceeding Rs 200 each, need not be reported to the Accountant General unless there are in any case important features which merit detailed investigation and consideration.

41) The Collector shall remember that, when an irregularity of any kind is brought to his notice by the Accountant General, nothing but a report on his own knowledge, after personal investigation, can be considered satisfactory. It is not enough for him to pass on the explanation of subordinate in as much as reports prepared in this manner have very often, by lulling suspicion, led to greater irregularity afterwards.

42) The Collector is bound to satisfy himself by periodical examination, at least once in every six months for cash and opium, and once a year for stamps, securities, draft and cheque forms.

i. that the actual stock of cash, opium, stamps and securities is kept under joint lock and key, and corresponds with the book balance;

ii. that the Treasurer does not hold a sum larger than is necessary for the convenient transaction of the Government business and that this sum, together with the value of stamps and opium, if any, in his sole custody, is not larger than the security given by him;

iii. that the stock of draft and similar forms which are intended for use in monetary transactions are carefully kept under lock and key by the Treasury Officer and periodically tallied with the nominal balance of such forms on the stock books; and

iv. that the sub-treasury balances are verified once a month by a gazetted officer, besides the verification done by himself during his tour.

Note. -The word 'stamps' used in this and other rules of this part includes Match Excise Banderols.

43) The Collector shall satisfy himself at least once in every quarter that the deposit registers are kept according to prescribed rules and that all necessary entries are made and initialled without fail at the time of the transaction.



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44) The Collector shall be specially careful, when assuming or making over charge, to see that the cash balance and stock of stamps and opium are thoroughly verified and that a certificate of taking over charge in which the state of cash, stamps and opium, balances is to be shown is invariably dispatched to the Accountant General with a certificate in Form T. R. 1 on the same day that the transfer of charge takes place.

45) The Collector when at headquarters must always verify the district treasury balance in person on the first of each month and sign the account to be rendered to the Accountant General and the Currency Officer. When, however, he is absent on tour on the first of the month, or when he is unable to perform his duties from physical inability, the duties may be entrusted to the senior gazetted subordinate of the district staff present at headquarters, not being the officer in charge of the treasury, or to any of his assistants or district deputies in permanent charge of talukas or sub-divisions. The reason for his inability to sign the accounts must be distinctly noted in the returns and accounts.

If neither the Collector nor any gazetted officer of the district staff, other than the Treasury Officer himself, is present at headquarters when the accounts are ready for signature the cash balance may be verified and the accounts signed by the Treasury Officer; but the absence of all other officers as above must be certified on the face of the accounts; and the cash balance shall be verified by another officer and reported to the Accountant General and the Currency Officer as soon as any such officer returns to headquarters.

46) Without prejudice to the generality of the rules contained in Section IV of Part I, the provisions of rule 42 to 45 may be modified in particular points of detailed procedure to suit local convenience under the orders of the Head of the Local Administration issued after consultation with the Accountant General.

Q.2. Rule- 205 Treasury Rules Vol-1

SECTION III

RESPONSIBILITY FOR MONEYS WITHDRAWN VOUCHER FOR PAYMENTS

205) Subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment."

NOTE -For purposes of audit, a cash memo for an amount exceeding Rs. 20 (which is not liable to duty under the Stamp Act, 1899) in respect of articles purchased by a Government Department or Government servant shall be treated as a "voucher" without its being required to bear revenue stamps.

- Q.3.** Personal Ledger Accounts or Assignment Accounts are opened for the specific project or purpose.
- a** The administrative department moves the case for some special project to Finance Department for release of budget. Then Finance Department releases the budget, the case is forwarded to the Accountant General for release of authority. By observing certain pre-audit checks, the AG office issues payment authority for credit directly in the PLA of Project Director to execute the specific work.
- Q.3.** AG Office releases the budgets in PLA of project Directors, in order to execute the work speedily and to exempt the hassles in the pre-audit of vouchers. The unspent funds are lapse-able at the end of financial year. The Project Director must keep his accounts records for work for post audit.
- b**



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Q.4. Rule-65 Part-II Treasury Rules Vol-1

Closing for the Day

65) Subject to the directions contained in this behalf in the Account Code, Vol. II, the process of closing accounts for the day shall be as follows: -

a) The daily total of each subsidiary register will be entered in the appropriate part of the cash book, which will then be totaled, and the balance memorandum at the top of the Accountant's balance sheet will be drawn up strictly in accordance with the directions contained in the Account Code, Vol. II. To the account balance thus brought out, the additions and deductions indicated at foot of the cash book form will be applied so as to bring out the cash balance at the district treasury

b) Meantime, the Treasurer will also sum both sides of his cash book and draw up his balance memorandum in the form of the Treasurer's daily balance sheet (Form T. R. 3).

c) If the results shown in the two balance sheets agree, the Treasury Officer should sign the two cash books and the two balance sheets. He should first satisfy himself of the correctness and good order of all these documents and should give special attention to the reconciliation of the accounts balance of the district with that actually in the headquarters treasury; the latter excludes the balance in sub-treasuries or under remittance within the district, which the former includes.

d) The following is memorandum of some of the more important parts of the verification. The Treasury Officer should'-

i. compare each entry of payment in a register with the payment order, ticking off each voucher as it is passed. This will not be necessary if the Treasury Officer adopts the alternative plan of having the account entry presented to him for initials at the same time that he signs the order of payment;

ii. examine at least two of the totalling on each side, marking the totals as Exd.

iii. see that the totaling are correctly carried from the register to cash book, initialing the totals as he thus compares them;

iv. Verify the totaling of the cash book or get it done by some principal subordinate officer, other than the Accountant, who should initial it as correct;

v. see twice every week that all vouchers are properly arranged.

e) Before signing the Treasurer's daily balance sheet, the Treasury Officer should roughly verify the balance in the sole charge of the Treasurer, as shown in that sheet, and satisfy himself on the following points: -

(i) that no uncurrent coins are left in charge of the Treasurer;

(ii) that no more small pure nickel, cupro-nickel, nickel brass, bronze and aluminum coins are so left than is actually required for current use

(iii) that the whole balance in sole charge of the treasurer never exceeds his current requirements.

f) The Treasury Officer should always be careful to sign the Treasurer's balance sheet in the evening of the day itself to which it refers, but the signature and comparison of the Accountant's books need not be made till the following morning unless the office is to be closed for two or more days. The Accountant's balance sheet must not be signed, until it has been carefully agreed with the Treasurer's.



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g) The foregoing provisions of this rule apply also to Bank treasuries, subject to the modification that in the absence of the Treasurers balance sheet, the correctness of the daily accounts should be tested by a comparison of the totals of receipts and payments in the Accountant's cash book with the corresponding totals in the daily accounts received from the Bank.

Q.5. Rule- Rule- 221 Treasury Rules Vol-1

DEDUCTION FROM BILLS

Fund Deductions

221) The duty of noting the proper deductions to be made from pay bills on account of Provident and other Funds shall devolve" on the drawer of the bill but no discretion is allowed in carrying out any order received from an Accountant General to make any particular deduction.

The procedure to be followed in making such deductions is laid down in Part VIII.

Note. Deductions on account of the ICS Provident Fund in respect of sterling portion of the pay of Government servants in receipt of sterling overseas pay should be made in Pakistan.

Deductions of Taxes on Income

222) Deductions from pay bills on account of income-tax shall be made strictly in accordance with the relevant provisions of the Income tax Act, 1922 (Act XI of 1922) as modified from time to time and the rules and orders issued thereunder and brought together in the Income tax Manual supplemented by instructions issued from time to time by the Central Board of Revenue, in this behalf.

222-A. The tax payable under the East Bengal Finance Act, 1950 (E. B. Act XVI of 1950), shall be deducted by the disbursing officer from the first full month's salary or leave allowance of the Central Government servants stationed in East Pakistan, who are liable to pay the same and credited to the East Pakistan Provincial Head of Account—XIII--Other Taxes and Duties--Receipt under the East Bengal Finance Act, 1950.

Note 1. __Sterling overseas pay disbursed in England is, under section 18 (2-A) of the Income-tax Act, taxed by deduction at source in Pakistan, along with, and in precisely the same manner as rupee pay actually drawn in Pakistan.

Note 2. __Memorandum of Instructions issued by the Central Board of Revenue for guidance of drawing and disbursing offices for deduction of income-tax from salaries, etc. is reproduced in Appendix 3

House Rent Deductions

223)

1. When demands for rent of public buildings, recoverable from Government servants, are received from the Public Works Divisional Officer or any other authority in charge of such buildings, the Government servants who draw their own pay bills, and heads of offices in the case of non-gazetted Government servants, shall make the necessary deductions as specified in the demands from the next bill in which pay is drawn. After the recovery has been made, one copy of the demand statement which will be rendered in duplicate shall be returned to the authority from which it was received after noting the amounts recovered, the other copy being



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attached to the bill, from which the recovery has been made. In noting the deductions in the bills, the head of account to be credited and other particulars as given in the demand statement must be shown.

2. If the rent recoverable from a Government servant is limited to a certain percentage of the emoluments of the Government servant, the particulars of such emoluments shall be noted in the remarks column of the demand statement before its return. Where, after the return of the demand statement, the emoluments of a Government servant are changed retrospectively such changes shall either be shown in the next demand statement or intimated to the authority concerned by a special letter.

3. Notwithstanding anything contained in this rule;

i. the recovery of rents from Government servants of the Federal Government in respect of public buildings belonging to a Province may be made in accordance with such procedure as may be prescribed by the Government of that Province.

ii. Heads of Local Administrations and Departments of the Federal Government may, after consultation with the Accountant General prescribe such detailed rules of procedure as may be necessary for recovery of rents of public buildings under their administrative control.

4. The provisions of this rule apply also to other charges, e. g., Additional rent recoverable for furniture, electric, water, heating and sanitary installations, charges for cost of water, electric energy, etc., which may, under the orders of competent authority, be recovered in the same way as, and together with, rents of buildings proper. Recoveries ordered by an Accountant General

224) Deductions on account of sums disallowed from pay bills shall be made strictly in accordance with the instructions issued by the Accountant General. The recovery of a sum disallowed from a pay bill may be made from the next pay bill, and of a sum disallowed from travelling allowance bill, from the next payment of travelling allowance; but sums disallowed from a travelling allowance bill must be recovered in cash from the pay bill when the Government servant concerned does not, within a month, present any travelling allowance bill from which they can be recovered



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Q.1.

1. His GPF A/c will be opened now by filling up the prescribed proforma.
2. He will submit an application to Treasury officer/ District Accounts officer to find his missing credits from his salary vouchers.
3. Either dealing Auditor will find the monthly vouchers or computerized data and prepare statement of missing credits.
4. If requisite record is not traceable in Treasury Office, the Principal of college will prepare the statement of missing monthly credits, supported by one pay bill of one year per bill. On the basis of this statement, the AG office or District Accounts office will make adjustments and issue GPF balance slip with upto date profit rates.

Q.2.

1. Contractor will approach his executive Engineer office.
2. The Xen office will send a letter to its administrative department for allocation of lapsed budget in new financial year to clear the liability.
3. The administrative department will write to Finance department for budget allocation.
4. When Finance department releases additional budget for particular head of account, then in lieu cheque will be issued against the lapsed cheque.

Q.3. For clearance of suspense balances, the working will be made to find out the sanctions, budget allocations for the particular periods, vouchers etc; then suspense balance will be cleared

Q.3. For special and urgent programmes/projects of the Government, the AG office or DAO offices release the payments on abstract bills. It is just a sort of advance payments only budget allocation by the Finance department, bill and sanction of the Controlling officers are required.
b For the adjustment of payment released on abstract bill, the paid vouchers, supply orders copies and stock register details etc are required.

Q.4. Ref: Rule 452 Treasury Rules Vol-1

Deposit Payments

452)

1. Repayment of deposits standing at credit of individuals in the treasury register or in the Magistrate's or Judge's accounts, will be made on the order of the officer on whose register they are. Persons claiming repayments of such deposits must therefore apply to the officer who received them, who, after examining the appropriate register and making the necessary record, will give the applicant an order for payment at the Bank. A Magistrate's or Judge's order must be taken to the Treasury Officer for countersignature before being presented at the Bank, unless the Bank keeps a personal ledger account or deposit of each Court.

2. In cases in which personal ledger accounts of Civil or Criminal Court Deposits are kept by the Bank, each Court will duly intimate from time to time to the Bank the amount of lapsed deposits to be deducted from the personal ledger pass book.

453) Unless in any case the Government direct otherwise, cheques for withdrawal from a personal deposit account at the treasury shall be drawn upon and presented to the Treasury Officer, who will enface them with an order on the Bank to make the payment.
