Pakistan Institute
of Public Finance Accountants

Model Solutions

Financial System of District Education and Health Authorities (Application)

KPG Government.

Summer Exam-2025

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Q.1. **<u>Note For CEO District Education Authority, Jhang</u>**

It is brought for notice of the competent authority that new academic year is commencing from 1.5.025. The stock of lab material of chemistry acids, chemicals was consumed in last year session. Some vessels were also broken by the students.
Therefore, it is an urgent need to purchase requisite lab material as detailed in Annexure-A.
The available budget is Rs. 700,000/- under the head of account,
The approval is solicited to purchase the material through calling the tender as per prescribed in PPRA Rules.

-Sd-
(Administrative Officer)

<u>CEO District Education Authority, Jhang</u>

Q.2. An effective internal control structure for inventory includes a plan of organization and all the procedures and actions it takes to: Protect its assets against theft and waste. Ensure compliance with company policies and Government law. Evaluate the performance of all personnel to promote efficient operations.

Following should be internal controls

1. Keep track of all products/purchases information. ...
2. Conduct Regular Counting of Inventory. ...
3. Special care should be taken while obtaining supplies
4. Track the record of receipt and issue items properly.
5. Create a stock receiving process. ...
6. Create a dead stock process. ...
7. Create a returns procedure. ...
8. Invest in powerful inventory management software.
9. Head of office must make regular monthly physical verification of store items and record certificate in register about the correctness of closing balances
10. A verification Committee comprised of three officers must be formed, to verify the material, when new supplies are received.

Q.3. ref Rule-94 Chapter XIX Local Govt Act 2022

94. Use and disposal of properties of local governments.–

(1) The properties of local governments shall be used only for public purposes.

(2) The immovable properties of local governments shall not be sold or permanently alienated without prior approval of the Government:
provided that in case title of an immoveable property is transferred to a Government department, authority, or agency, the price of property not less than the amount assessed by District Price Assessment Committee shall be transferred to such local government.

(3) The properties of the local government may be given on lease through competitive bidding by public auction.

(4) The local government may through a written agreement, lease a property to a Government department, authority or agency, without public auction on a rent approved by the Council.

(5) The local government may constitute a Committee headed by the Head of the local government to identify encroached or redundant properties that may be sold in the prescribed manner with the approval of the Government, and the funds generated from the sale of such properties shall be kept in a separate head of account and be used only for development purposes.

(6) Where a lease of immoveable property of a local government under a valid lease agreement has expired or is about to expire and it does not contain any condition for extension of lease period, the period of lease may be extended upto ten years after fresh assessment by Rent Assessment Committee on a rate not below the rate assessed by it with an annual increase of ten percent, consisting of following members:

(a) Head of the local government as convenor;
(b) Assistant Commissioner concerned or his nominee;
(c) Chief Officer of the local government;
(d) Incharge of Finance Wing of the local government as Secretary of Committee;
(e) Incharge of Regulation Wing of the local government; and
(f) District Excise and Taxation Officer or his nominee not below the rank of BS-16.

(7) Where no written lease agreement is available but the occupant of immoveable property has been paying rent to the local government for at least last five years, the local government may enter into written agreement with the occupant for a period of five years after fresh assessment by Rent Assessment Committee on a rate not below the rate assessed by it with an annual increase of ten percent.

Q.4. Movable property of a local government which is required to be disposed of and all articles declared unserviceable shall be sold through competitive bidding in public auction.

(1) Valuation of scrap material must be done and fixation of reserve price
(2) Approval of competent authority may be obtained for auction
(3) Formation of auction committee comprised of at least three officers.
(4) Calling of open tender in news media and PPRA website
(5) Opening of tender on given date in presence of all bidders.
(6) Preparation of Comparative statement of all bidders
(7) Recommendation of highest bidders to competent authority for approval.
(8) Issue of order to successful bidder to deposit amount in Bank of Local Government
(9) On verification of bank deposit receipt, issue of gate pass to the successful bidder to shift scrap material.

Q.5. a

S.No.	**Items**	**Budget Allocation 2024-25**	**Expenditure-upto March-2025**	**Monthly Ratio**	**Annual Requirement**	**Surrender**
1	Purchase of Medicines	850,000,000	500,000,000	55555555.56	666666666.7	183,333,333
2	Surgical Equipment	15,000,000	10,000,000	1111111.111	13333333.33	1,666,667
3	Ambulances	200,000,000	100,000,000	11111111.11	133333333.3	66,666,667
4.	Machinery	150,000,000	80,000,000	8888888.889	106666666.7	43,333,333
5	Others	10,000,000	7,000,000	777777.7778	9333333.333	666,667
					Total Surrender	295,666,667

Revised Actual Budget 2024-25

S.No.	**Items**	**Rs.**
1	Purchase of Medicines	666,666,667
2	Surgical Equipment	13,333,333
3	Ambulances	133,333,333
4.	Machinery	106,666,667
5	Others	9,333,333
	Total	929,333,333

Q.5. b

S.No.	Items	Revised Actual Budget 2024-25	Budget for 2025-26
1	Purchase of Medicines	666,666,667	766,666,667
2	Surgical Equipment	13,333,333	15,333,333
3	Ambulances	133,333,333	153,333,333
4.	Machinery	106,666,667	122,666,667
5	Others	9,333,333	10,733,333
Total		929,333,333	1,068,733,333

Q.6.a

Monthly ratio of expenditure	Annual Requirement	Supplementary Demand
27500000	330000000	80,000,000
17500000	210000000	60,000,000
8750000	105000000	25,000,000
67,500,000	67,500,000	17,500,000
16,500,000	16,500,000	4,500,000
	729,000,000	187,000,000

Q.6.b To
The Chairman
Local Government Finance Commission
Punjab

Subject: **DEMAND FOR SUPPLEMENTARY BUDGET OF RS. 187,000,000/- IN CONTIGENT HEADS OF ACCOUNTS.**

It is brought to your kind notice that, the Budget allocation of District Education Authority was Rs. 542,000,000 for the year 2024-25 . Due to high inflation in the economy, and enhancement of Sales Taxe and Customs duties, the rates of various items became high. Therefore, the requirement for the year will be Rs. 729,000,000

For keeping the high standards of Education in District and strict monitoring control, a supplementary demand of Rs. 187,000,000 is placed. (details in Annexure)

You are requested to take up the case with the Education Department and Finance Department for supplementary allocation of Rs. 187,000,000 in the contingent budget.

- Sd-
(Chief Executive Officer)
District Education Authority

Q.7 Departmental Reply

We are thankful to the audit for attracting for attention towards this irregularity and lacuna in our procedure.

The officials of Accounts and Finance section has been strictly warned to adhere to the instructions prescribed in Para-15 of GFR Vol-1 and deposit the Government money within three in Treasury.

The monitoring of Finance section has been enhanced sothat, such irregularity may not be recurred in future.

Sd
Accounts Officer

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