



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

Treasury & Subsidiary Treasury Rules (Theory & Application)

Treasury

Summer Exam-2025

MODEL SOLUTIONS – DISCLAIMER

INTRODUCTION

The Model Solutions are provided to students for clear understanding of relevant subject and it helps them to prepare for their examinations in organized way.

These Model Solutions are prepared only for the guidance of students that how they should attempt the questions. The solutions are not meant for assessment criteria in the same pattern mentioned in the Model Solution. The purpose of Model Solution is only to guide the students in their future studies for appearing in examination.

The students should use these Model Solutions as a study aid. These have been prepared by the professionals on the basis of the International Standards and laws applicable at the relevant time. These solutions will not be updated with changes in laws or Standards, subsequently. The laws, standards and syllabus of the relevant time would be applicable. PIPFA is not supposed to respond to individual queries from students or any other person regarding the Model Solutions.

DISCLAIMER

The Model Solutions have been developed by the professionals, based on standards, laws, rules, regulations, theories and practices as applicable on the date of that particular examination. No subsequent change will be applicable on the past papers solutions.

Further, PIPFA is not liable in any way for an answer being solved in some other way or otherwise of the Model Solution nor would it carry out any correspondence in this regard.

PIPFA does not take responsibility for any deviation of views, opinion or solution suggested by any other person or faculty or stake holders. PIPFA assumes no responsibility for the errors or omissions in the suggested answers. Errors or omissions, if noticed, should be brought to the notice of the Executive Director for information.

If you are not the intended recipient, you are hereby notified that any dissemination, copying, distributing, commenting or printing of these solutions is strictly prohibited.

Treasury & Subsidiary Treasury Rules

(Theory)

Q.1. DEPOSIT OF CASH AND VALUABLES OF OTHER DEPARTMENTS

If for special reasons, the Head of the Local Administration, or the Collector when so empowered by the Head of the Local Administration, directs the cash chests belonging to any Government department to be lodged in the treasury for safe custody, the fact shall be reported for information of the Accountant General. A register shall be kept in the treasury in which the receipt and return of the chest should be duly acknowledged. The key or keys of the chests must not be kept in the treasury, nor shall the amounts of such chests be brought into the accounts of the treasury.

The Accountant General may report to the Head of the Local Administration any case in which the permission appears to have been improperly granted by the Collector.

Bullion, jewellery and other valuables coming into the hands of a Government officer in his official capacity may be received into the treasury for safe custody at the discretion of the Collector. The procedure to be observed by the Treasury Officer in dealing with such articles may be laid down by the Head of the Local Administration. The value of such articles must not be brought into the accounts of the treasury.

Q.2. Treasure means something of great worth or value or collection of precious things is called treasure.

STORING OF TREASURE

1. The following are authorized methods of storing coins and notes in strong rooms: -

- i. Coins.** -Coins should be made up in bags of uniform size each containing Rs. 100 Rs. 500, Rs. 1, 000 or Rs. 2, 000 as is estimated to be most convenient for local conditions but one of these sizes must be selected and adhered to. A slip in Form T. R. 7 showing the description and tale of the contents and signed by the person who has counted and examined them should be placed in each bag. The bags should then be tied up with string.
- ii. Notes.** -Notes should be made up in bundle's of 100 each for each denomination, any balance of less than 100 forming a separate bundle. Each bundle should then be stitched with a label in Form T. R. 8 at the top, showing the denomination and number of the notes and signed by the person by whom they have been counted and examined.

2. Coins may be stored in either of the following ways: -

- i.** In bags of uniform contents, placed in strong iron boxes or safes, or wooden chests, or built recesses or wells, each of which has two independent locks, both of which must be opened before access is obtained to the contents. One of the keys should remain in charge of the Treasurer, the other in that of the gazetted officer in charge; or
- ii.** In bags of uniform contents piled upon trestles, but this method is not admissible unless every door, window, drain, skylight, ventilator, or other aperture in the walls of the strong room are so closed as to prevent the insertion of any rod or instrument within the room.

3. Coins may also be stored temporarily in boxes prepared for remittance in the manner 'prescribed in rule 688.

Note. -Gold coins must be kept in a separate safe or chest.

- 4.** All notes should be stored separately from coin in a tin box or other receptacle designed to protect them from the injury by damp, insects, etc. They should be kept in bundles of not more than 100 notes each, each bundle containing notes of one denomination only.

Q.3. INTER-GOVERNMENT TRANSACTIONS

- a**
1. Save as provided hereafter in this section, no transactions of the Federal Government with a Province shall be adjusted against the balance of the Federal Government except in accordance with such directions as may be given by the Auditor-General with the approval of the President to regulate the procedure for the accounting of transactions between different Governments.
 2. All adjustments against the balance of the Federal Government by debit or credit to the Government of a Province shall be made through the Central Accounts Section of the Bank.

Receipts and disbursements in a Province on behalf of the Federal Government shall be adjusted, as far as practicable, directly against the balance of the Federal Government held by the Bank, but where such transactions are temporarily taken into account against the balances of the Province with the Bank, the Accountant General of the Province mil, on receipt of intimation from the treasury, make the requisite adjustments in respect of the aforesaid transactions through the Central Accounts Section of the Bank against the balances of the Federal Government held by the Bank.

1. The Treasury Officer in charge of a Federal treasury may, subject to any general or specific direction of the Government in this behalf, receive or authorise the Bank to receive moneys tendered on behalf of a Province and may, if so required by the Accountant General, make or authorise payment of any claim against a Province. The necessary credits or debits in respect of such receipts and payments against the balances of the Province concerned shall be made by the Accountant General through the Central Accounts Section of the Bank but, until such adjustments are made the credits and debits shall be entered in the Federal Consolidated Fund or the Public Account of the Federation, as the case may be.
2. Moneys paid or received in the office of an Accountant General on behalf of a Province, or book entries made in the office of an Accountant General affecting the accounts of a Province, where such moneys or book entries are credited or debited in the first instance against the balance of the Federal Government, shall be adjusted against the balance of the Province concerned in accordance with such directions as may be given in this behalf by the Auditor-General with the approval of the President.
3. The provisions of the preceding sub rule may be extended with or without modification to payments made or moneys received on behalf of the Railway.

In order that the transactions pertaining to the Federal Government may be correctly recorded against the balance of the Federal Government, all chalans, bills, cheques, vouchers, etc., which serve as evidence for payments into or withdrawals from the Federal Consolidated Fund or the Public Account of the Federation, as the case may be, or on the authority of which adjustments in the initial accounts are made against the balance of the Federal Government by treasuries and the Bank, shall be printed on blue paper;

Provided that in the case of any particular kind of document aforesaid, the Government may, after consultation with the Auditor General, suspend or waive the operation of this rule. This is subject to the condition that whenever forms other than those of blue colour are used, such forms must invariably be so prominently marked as to indicate clearly that they pertain to transactions of the Federal Government.

Q.6. CUSTODY OF PADLOCKS AND KEYS OF STRONG-ROOMS

- i. The following rules shall regulate the custody of duplicate keys of treasury strong-rooms and chests: -
 - i. A register of all padlocks belonging to the district treasury and sub treasuries and treasure chests should be maintained in the following form and kept in the strong room of the district treasury: -

Date of receipt.	No. borne by padlock and keys.	No. of duplicates received.	Initials of the Treasury Officer who receives the keys or padlocks.	Date of removal of padlocks key or keys or both.	No. and date of order sanctioning the removal.	Initials of Treasury Officer removing the padlock, key or keys or both.
------------------	--------------------------------	-----------------------------	---	--	--	---

Separate pages should be assigned to the district treasury and for each sub-treasury or treasure chest. Each sub-treasury should also keep a list of its own padlocks and keys in the above form, no entries being made under duplicate keys as no duplicate keys are to be kept at sub treasuries.

- ii. Every padlock should have a number impressed upon it or attached to it by a metal or other label and the same number should be impressed on or attached to each key belonging to it. No two padlocks in the same district should bear the same number.
 - iii. If a padlock becomes unserviceable or ceases to be required, or if any one of the keys belonging to it is lost, the circumstances should be reported to the Head of the Local Administration who will pass orders regarding the disposal of the padlock and keys. No padlock of which a duplicate key has been lost, should continue to be used in the same district. No spare padlocks should be kept at a sub-treasury, or except with the permission of the Head of the Local Administration at a district treasury.
 - iv. No local mechanic should ever be allowed to repair a treasury padlock or to make a new key for one.
 - v. All spare padlocks which are held in the district treasury with the approval of the Head of the Local Administration, and their keys, and all duplicate keys except those belonging to the locks of the district treasury strong-room door, should be kept in the district treasury strong room under double locks, the key of one lock being in the hands of the Treasury Officer and of the other in the hands of the Treasurer. The duplicate keys of the strong-room should be secured under the seal of the Treasury Officer and the Treasurer and deposited in the District Court or such other place as the Head of the Local Administration may direct. Once a year, in the month of July, they should be sent for, examined and returned to the appointed place under the fresh seals of the Treasury Officer and the Treasurer, a note being made in the duplicate key register that they have been examined and found correct.
 - vi. Whenever the charge of a treasury is transferred or a Treasurer is changed, all padlocks and duplicate keys belonging to the treasury should be examined and compared with the register, and a certificate signed that they have been found to be correct...
2. The above rules may be modified in particular points to suit local convenience under the special orders of the Head of the Local Administration. The essential points which should be borne in mind in sanctioning any modification of the rules prescribed above are: -
 - i. some person or persons should be held definitely responsible for the custody of duplicate keys;
 - ii. the whereabouts of the keys should be enquired into periodically and also whenever charge is transferred;
 - iii. when the loss of a key is discovered, it should be reported at once to the Head of the Local Administration, who should issue such orders as will prevent the risk of access to the lock by any one into whose hands the lost key may have fallen; and
 - iv. an unnecessary number of duplicate or spare locks and keys should not be supplied in the first instance, or retained when they have ceased to be required.

3. At every inspection of a treasury under rule 70, the inspecting officer shall report whether he has found the padlocks and all keys (except the duplicate keys of the strong-room locks deposited elsewhere) correct and deposited in accordance with the rules.

Q.5. BOND OF INDEMNITY

1. Government servants may make arrangements with their agents 'to draw their leave salary, vacation pay, etc., either granting them powers of attorney to enable them to do so, or leaving their bills. duly completed and signed in the agents custody for collection, the agents in their turn giving the Government a bond of indemnity as security against any loss in the case of over-payment.

Note -A register of power of attorney should be maintained by the disbursing office in the form prescribed in, the Government Securities Manual and all cases in which the power of attorney has been granted should be recorded therein.

2. The bond of indemnity, which must be stamped, may be of the following form in the case of firm or bank:-

In consideration of our/their being permitted to draw the pay leave salary/pension of..... during his absence from we/the (here insert the name of the bank) hereby engage to refund to the Government on demand, any over-payment that may be made to us/them as his agents/agent. Score out which ever is not applicable. It must be seen that the person signing the bond of indemnity has authority to bind the firm or bank.

1. It is not necessary for a separate bond to be entered into for each individual. Such banks as are included in the Second Schedule to the State Bank of Pakistan Act, 1956 (Act XXXIII of 1956), may be allowed to execute a general bond in Form T. R. 15 to cover the pay, leave salary, pension, etc., of their constituents in general.
2. Separate bonds must be executed for payments relating to or for persons whose salaries or pensions are debitable to.

- i. the Federal Government, or
- ii. Deleted,
- iii. the Government of a Province.

In the case of item applications for such bonds to cover payments under the jurisdiction of a single Accountant General may be dealt with by that Accountant General, but where such bonds are intended to cover payments under the jurisdiction of more than one Accountant General, arrangements for their execution must be made through the Auditor General.

In the case of item application for bonds to be executed for each Provincial Government will be dealt with by the Accountant General of that Province.

Nothing contained in this rule shall affect the validity of bonds duly executed and continuing in force from dates prior to 1st April, 1937, unless in any particular case the Government issue orders to the contrary.

Treasury & Subsidiary Treasury Rules (Application)

Q.1. DEPOSIT PAYMENTS

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.

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.

Q.2. Educational scholarships and stipends sanctioned by the Head of a Local Administration may be disbursed by the Treasury Officer without specific authority from the Accountant General.

Bills for educational scholarships, stipends, etc., shall be presented in Form T. R. 43, or in such other form as may be prescribed by the Head of the Local Administration after consultation with the Accountant General. In the case of payments to institutions under private management, such bills shall be prepared and vouched for by the authorities of the institutions concerned and countersigned by such Government official as may be nominated in this behalf by the Head of the Local Administration. The orders sanctioning the payment must be quoted in each case.

If any conditions are attached to the payment of scholarships or stipends, the bill must bear a certificate of the countersigning officer that he is satisfied that the prescribed conditions have been fulfilled.

Q.3. 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.

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.4. 1. Difference of Income Tax 2. Difference of GP Fund subscription

Difference of Group Insurance and Benevolent Fund subscription

Q.5. RULES FOR THE PAYMENT OF COMPENSATION FOR LAND TAKEN UP UNDER" THE LAND ACQUISITION ACT

- 1) Unless there be something repugnant in the subject or context, the rules given in this appendix for the acquisition of land for the Public Works Department apply mutatis mutandis to other departments of the Government also.
- 2) The term Act used in this Appendix means the Land Acquisition Act I of 1894.

LAND ACQUISITION OFFICERS

- 3) After all preliminaries in respect to estimate, etc., that may be required under departmental rules in force for the time being, have been duly carried out, the land will be taken under the Act either by the Collector or by some special officer who is placed at the disposal of the Public Works Department and invested with the powers of a Collector under the Act, the procedure differs in the two cases

PROCEDURE OF SPECIAL OFFICERS APPOINTED UNDER THE ACT

- 4) Officers who are specially employed for this work being invested with the power of a Collector under the Act and placed at the disposal of the Public Works Department. are regarded as Public Works disbursers, and are supplied with funds in the manner prescribed for the works out lay of Public Works officers, the expenditure being accounted for under the rules in the Account Code. The following procedure shall be observed by such officers.
- 5) When an award is made under section 11 of the Act, the officer shall have a statement prepared in the appended form (marked A) showing the amounts

payable to each person under the award, and shall on the day the award is made, forward a copy of the statement, signed by himself, to the Accountant General with whom he is in account. Before signing the copy, the officer should carefully satisfy himself that it correctly shows the amounts due under the award, and should himself enter the total of column 6 of the statement in words both in the original and copy. A subsidiary statement in Form AA giving particulars regarding the acceptance by the persons concerned, of the amounts entered in column 6 of the award statement should also be furnished to the Accountant General as soon as possible. If the subsidiary statement is not complete on the day that the award is made the necessary entries in column 7 of statement A will be made in the Accountant Generals office on the receipt of the statement in Form AA.

- 6) In cases where an award has been made by a Court under section 26 of the Act, a second award statement should be prepared in the accompanying form (marked B) by, the Land Acquisition Officer as soon as the decision of the Court is ascertained, and a copy there of forwarded to the Accountant General. On receipt of this statement, the Accountant General will proceed to check the entries in columns 1 to 4 with the original award by the officer.
- 7) Any change in the apportionment of the officers award made by a Court under section 30 of the Act, should also similarly be communicated to the Accountant General for the necessary corrections in the award statement. And if under section 31
