



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Audit & Assurance (PS)
CGA | PMAD | PRAD**

May Exam-2026

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Q.1

Pension Audit Programme Steps

Audit Entity:

Audit Period:

Date(s) Conducted:

Audit Objectives:

To determine whether, on the basis of the transactions examined (selecting all significant and/or representative sample) that the financial assertions / transactions comply with the following five considerations:

- F. Existence and Occurrence
- G. Completeness
- H. Measurement
- I. Regularity
- J. Presentation and Disclosure

Audit Obj.	Audit Procedure	Done By⁶⁷:	WP Ref⁶⁸.
A	<i>Existence and Occurrence</i> 1. Select a sample of transactions (as required for certification requirements / for purposes of testing controls / for additional substantive compliance testing) 2. Refer to the Pension Register for all pensioners in the sample 3. From the sample of transactions check that: pensioner is identified in Pension Register; and that that payment was made to correct recipient 4. Through application of CAATs or otherwise, search for any payments to pensioners that look as if they might be double payments to the same person – e.g. those pension recipients who have the same home address 5. Through application of CAATs or otherwise, search for any payments made to an address other than that of the pensioner – e.g. check if the wrong person is receiving the pension payment 6. Where it is suspected that there could be duplicate payments it might be possible for the auditor to arrange that the DDO request these pensioners to pick up their cheques at the office of the DDO		
B	<i>Completeness</i> 1. Compare list of pensioners paid against Pension Register for selected months 2. For the sample selected, check pensioners in the Pension Register against Establishment Register (if records date back to the time that the pensioner retired from public service) and confirm that pertinent information are consistent (name, date of birth, level, date of retirement/ start of pension payments, etc.) 3. Select a sample of pensioners who recently retired and		

⁶⁷ The name/initials of the auditor who undertook the work

⁶⁸ Cross referenced to the working papers that contain the supporting details.

	check whether they received correct pension payments 4. Conduct a reconciliation (and/or check a batch of transactions) between {Direct Credit Advice / Pension cheque} and Monthly Statement of Pension Payments and General Ledger 5. Take a sample of pensioners from Pension Register and check that they have received their pension payment		
C	Measurement 1. For the sample of transactions check: 1) that payment received by pensioner is correct according to Pension Register; and 2) that the Pension Register is consistent with relevant Rules applying to pension rates and entitlements 2. Check for the selected sample of pensioners recently becoming pensioners that the amount of the first payment was correct according to the start date and according to their Pension Register 3. Check for the selected sample of pensioners who recently died, that the amount of the last payment was corrected according to the date of death (any documentation, such as death certificate required?) 4. Obtain a copy of monthly Exception Report for errors and omissions in pension payments: a) Ensure it is checked by supervising officer and appropriate action taken b) Compare with computer pension register c) Consider impact on pension costs in general ledger 5. For a sample of months, check that the total pension payments are correctly presented in the General Ledger by making the necessary calculations (which will be much easier through the use of CAATs).		
D	Regularity 1. Check that all documents relating to the sample of transactions regarding pension payments are completed fully, have proper authorisation (including checking signing authority and signatures of the approving officers) 2. At the same time as steps C1 and C3, check that these calculations comply with the regulations relating to pensions		
E	Presentation and Disclosure 1. Check that pension payments are correctly identified in the General Ledger under Pension Object (what is the code?) and correctly coded according to the Chart of Accounts by checking for the sample of transactions that the pension payments have been correctly coded according to the Chart of Accounts codes. 2. Check whether the pension section receives timely reports from the General Ledger under the relevant Object Codes and that the information is presented in a way that it can be used by the pension section.		



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Q.2. CCCECR model of the Auditor General of Pakistan
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4	Each audit para follows the sequence as prescribed in the template based on Criteria, Condition, Cause, Effect, Conclusion and Recommendation (CCCECR) i.e. it contains;			10	
	• Criteria,				
	• Observation,				
	• Cause / reasons,				
	• Implication / effect,				
	• Management reply,				
	• DAC's recommendations,				
	• Audit comments / conclusion.				

b Audit management Information System (AMIS) working environment

Q.3. Para 102 of audit Quality Management Framework (page-39)
a

The DAGP staff should inform the management about any pre-existing relevant relationships and situations that may present a threat to independence or objectivity due to a conflict in interest. Refer to Annexure D.1.1 "Code of Conduct Declaration" for the template for this independence confirmation

Q.3. Para 104 of Audit Quality Management Framework (Risk Register)
b

The DAGP should ensure that stakeholders' expectations and emerging risks are factored into strategic, business and audit plans, as appropriate.



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Q.4.
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6.22 Audit Programme: Goods & Services / Procurement

Audit Entity:

Audit Period:

Date(s) Conducted:

Audit Procedure	Done By	WP Ref
<i>Existence & Occurrence</i> • Select a sample of transactions, as required for certification audit and/or regulatory audit. If possible, this sample should focus on large transactions and a representative sample of the rest; and further focus on transactions close to year end. • For this sample of transactions, collect all related documentation (purchase order / purchase authorization / invoice / delivery receipt / any receiving documentation / payment) and check entry in Inventory Register and in general ledger. • Approval of Demand Order (Purchase Requisition) by competent authority. Demand have been approved by the Financial Advisor of respective services <i>Regulatory</i> • Quotations from Approved Contractors as per PPRA Rules 2004 • Procurements over Rs. 2,000,000, Advertised on the Public Procurement Authority's (PPRA) website as well as in other print media or newspapers having wide circulation. • Procurements over Rs. 100,000 up to Rs. 2,000,000, Advertised on the PPRA's website in the manner and format specified by regulation by the Authority from time to time and may also be advertised in print media, if deemed necessary by the procuring agency. • Procurements over Rs. 25,000 up to Rs. 100,000 Request for quotations (PPRA Rules 2004). • Procurements up to Rs. 25,000 The procurement process should be conducted in a fair and transparent manner (PPRA Rules 2004). • Also ensure that NTN and Sales Tax Reg. No. are present on quotations • Ensure that the supplier is amongst the List of Approved Contractors/ Registered Suppliers • Approval of rates of the lowest bidder on Comparative Statement (CST) by the Board. If purchase is not made from the lowest bidder, ensure reasons are specified • Acceptance letter issued to Contractor/ Approval on Quotation for other than		



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contract supplies • Check that the Contract is in the prescribed format and is duly endorsed by both parties • Confirm that the payment was made to the correct payee by comparing information on cheque register with invoice and delivery information. • At the air force units and computerized naval units, apply CAATs- Audit Command Language (ACL) to identify in the records any situations of “identical” transactions and check whether they are two separate purchases or are cases of double payment for same goods/service. Follow up on cause(s) of duplicate payments (including possibility of fraud). • Check also whether any piecemeal acquisition is done to avoid need for sanction from a higher authority. • At least for large transactions (High value items/ Key items) and transactions close to year end, conduct physical check on existence of goods and services (if these are distant from site where conducting audit, may seek confirmation in writing from DDO or independent party) • Review suspense account for unclear payments or for inappropriate clearances • Check that all goods and services recorded as acquired in the year are charged against that year (if practical or use of CAAT available) • For the sample of transactions, check that the documentation (purchase order / purchase authorization / invoice / delivery receipt / any receiving documentation / payment) is consistent in quantity, pricing, product description (particularly checking for substitution of lower quality/grade product) • Check whether the individual items add up to the total given on the voucher / purchase order and the appropriate amounts of income tax and sales tax have been accounted for and withheld accordingly • Follow up on any short-fall / substitution / missing items / multiple deliveries to ensure that mostly what was received was paid for • Check whether the person(s) responsible for the purchasing function(s) receive(s) timely reports from the General Ledger under the relevant Object Codes and that the information is presented in a way that it can be used by the responsible managers section. • Check whether the person(s) reconcile the information in the accounting report with the purchases for the period reported. • Ensure that LPO (Local Purchase Order) is raised in the name of the selected supplier based on Comparative Statement CST • Supplier's bill/ invoice in the prescribed format duly signed by the Contractor/ Supplier. Supplier's Bill details matches with the LPO, the Bill is stamped at the receiving unit • Where purchase is not made by the central store/ procuring unit, ensure that Not Available certificate is obtained from it • Check that convoy note(in case of Hiring of Mechanical Transport) is Acknowledged by receiving authority • Check that supply order is in conformity with the Approved Quotation/ Contract. Further ensure that the details of supply order match with the Local Purchase		
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Order Measurement • Check that the invoice and payment have applied proper prices / include any negotiated prices or other arrangements / reflect correct freight charges if applicable • Check also that no payment has been made in advance before delivery of goods and services • Check arithmetical accuracy • Check inclusion of applicable guarantees, service support • If any products / services to provide maintenance or spare parts for a product (i.e. an expenditure to service a product previously acquired) are included in the sample of transactions, check that no payments were made for maintenance / replacement parts that should have been covered by warranties • Check in case of late delivery, whether any penalties apply under contract and if so, whether payment was adjusted accordingly • Check for any duplicate payments (see application of CAAT / analytical review under Analytical Review activity) • Check there has been proper authority to enter into the acquisition process, and that the size of the purchase is within the financial powers of the authorizing officer • Check for supporting material to justify the acquisition of the goods and services, identified in budget • Check that purchase payments are correctly identified in the General Ledger under the correct Object and correctly coded according to the Chart of Accounts Classification Code Book by checking for the sample of transactions that the payments have been correctly coded according to the Chart of Accounts codes. • Check that the supply has been made within the delivery date mentioned on the Local purchase order, so that no Liquidate Damages charges are applicable • Check that contingent bill duly raised by the respective Commanding Officer and is in line with the supplier's bill • Contract number should be mentioned on the contingent bill, where applicable. • Checked rates of Income Tax and Sales Tax and ensure proper withholding & deposit in Government treasury • Check that bill submitted for payment is for the current period and is not paid before • Check that cheque is signed by designated officer		
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- Q.4.** Error conditions are possible ways in which a transaction or account balance may not be valid, complete, and compliant with authority, properly measured/classified or properly presented. In procurement, substantive testing should therefore examine individual transactions and high-value/key items to identify monetary errors, compliance violations and anomalies
- b**

Sr.	Possible error condition
1	Payment recorded although goods were not actually received.
2	Bogus/fake invoice, fake supplier, or payment for a transaction that did not occur.
3	Goods received but not entered in stock register/bin card or not included in accounting record.
4	Liability for goods received before year-end not recorded.
5	Wrong quantity, rate, freight, tax, discount or arithmetical calculation causing overpayment/underpayment.
6	Lower quality/grade item supplied while payment made for higher specification.
7	Short supply, missing items, rejected items or multiple deliveries not adjusted before payment.
8	Purchase made without approval of competent authority or beyond financial powers.
9	Tender/quotation/advertisement requirement not followed; unfair or non-transparent procurement process.



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10	Piecemeal/split purchases made to avoid tender limit or sanction of higher authority.
11	Contract awarded to unapproved/unregistered supplier, unsuitable supplier or other than lowest responsive bidder without recorded justification.
12	Expenditure charged to wrong object head, grant, appropriation, cost centre or stock account.
13	Goods/services charged to wrong financial year; year-end purchases recorded in incorrect period.
14	Same invoice, same supplier bill or same supply paid twice.
15	Income tax/sales tax/security/performance guarantee not deducted, not adjusted or not deposited into Government treasury.
16	Liquidated damages/penalty for late delivery not imposed or recovered.
17	Excess procurement despite sufficient stock, resulting in unnecessary tying up of Government funds or dead stock.

Q.5. Section 6.4.1 of Audit Quality Management Framework Pg:64

a

235. An internal quality control mechanism should be in place under the respective DAG, who shall review all reports developed by FAOs under their jurisdiction to ensure that FAOs have complied with applicable reporting in finalizing audit reports. This mechanism established by the DAG should be in the form of a committee to carry out quality control reviews of the audit report and supporting files developed by the FAOs falling under said jurisdiction.

Q.5. Section 6.3.3 working papers para 222 (Role of AMIS) Pg:62-64

b

The DAGP has Audit Management Information System (AMIS) to ensure the completeness of documentation for every audit, and to enable DAGP staff to easily access records from anywhere. The DAGs are required to understand the core functionalities of AMIS to carry out their audit quality management functions effectively.

Q.6. Reference: Revised FAM – Risk-Based Planning

a

Key Points:

- Apply **risk-based approach**:
 - Identify high-risk areas (financial significance, past irregularities).
 - Prioritize audits with **higher risk and materiality**.
- Consider:
 - Previous audit findings
 - Internal control weaknesses
 - Public interest and sensitivity
- Use **materiality** to focus on significant areas.
- Allocate limited resources efficiently.
- Prepare **Annual Audit Plan** accordingly.



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Q.6. Reference: Audit Working Papers Kit / Execution Guidelines

b Key Steps:

- Understand payroll system and controls.
- Verify:
 - Employee records (appointments, promotions)
 - Attendance and leave records
- Test:
 - Salary calculations
 - Deductions (tax, GP fund, etc.)
- Check:
 - Ghost employees
 - Unauthorized payments
- Reconcile payroll with:
 - Budget and accounts
- Use sampling techniques.
- Document findings properly.

Q.7. Reference: FAM Section 7.9 – Audit Evidence & Documentation

a

Key Points:

- Types of evidence:
 - Documentary (invoices, contracts)
 - Physical verification
 - External confirmations
 - Analytical procedures
- Verbal explanations alone are **insufficient**.
- Documentation ensures:
 - Audit quality
 - Accountability
 - Evidence for conclusions
 - Basis for review and supervision

Q.7. Reference: FAM – Audit of Receipts / Error Conditions

b

Error Conditions:

- Understatement of revenue
- Overstatement of revenue
- Timing differences (cut-off errors)
- Misclassification
- Omission of transactions

Impact:

- Misstatement of financial statements
- Reduced reliability
- Incorrect decision-making
- Possible fraud risk
