



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

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

Treasury |KPG

May Exam-2026

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.



May Exam-2026
Solutions – Federal Treasury Rules (Theory)
Treasury-KPG

Q.1. CHAPTER II.
CURRENCY CHESTS
EXPLANATION

10) Under the provisions of the State Bank of Pakistan Act 1956 (Act No. XXXIII of 1956), the amount of Currency and Bank notes, in circulation which constitute the liabilities of the Issue Department of the Bank, should not exceed the assets of that department held in gold, sterling securities, rupee coin (including rupee notes) and rupee securities. A portion of these assets is held in the various currency chests in the form of rupee coin and rupee notes. The Currency and Bank notes held in these chests are not notes in circulation but pass into circulation only when they are transferred to the treasury balances. Assuming that there are no transaction elsewhere, the deposit of Currency and Bank notes in a currency chest decreases the amount of such notes in circulation and the deposit of rupees and rupees notes in the chest increases the assets of the Issue Department, of the Bank. A deposit of notes or coin in a currency chest thus enables the Bank to issue notes

elsewhere up to the amount deposited without increasing the total amount of the notes in circulation. If, therefore, a transfer of funds from the treasury balance at A to the treasury balance at B is required, this can be effected at short notice and without the actual remittance of coin or notes by transferring money from the treasury balance to the currency chest at A and transferring the same amount from the currency chest to the treasury balance at B. A currency chest thus enables the treasury balance at a treasury or sub-treasury to be kept at a low figure, as it is always possible to replenish the balance quickly by a transfer of money from the currency chest. It also obviates the necessity for frequent remittances of coin and notes, as surplus funds can always be deposited into the currency chest and made available for use elsewhere, pending a convenient occasion for remittance.

chests:-

i. Half-rupee, 50 paisa, quarter-rupee, 25 paisa, 10 paisa, 5 paisa, 2 paisa and 1 paisa coins should never be deposited in the chest.

ii. A currency chest book in Form T. E. 1 should be kept in the chest and the balance proved and signed at every transaction by the officers in charge of the chest. They should satisfy themselves that the transaction has been correctly entered and the balances correctly worked "out

Note. The chest books should be retained for three complete account years.

iii. Transactions should always be in even hundreds of rupees.

iv. Notes may be deposited in a chest in exchange for coin or notes of other denominations or vice versa by the officers in charge of the chest. These exchanges should not ordinarily be of small sums and should be avoided as far as possible during the last week of the month. If important exchanges take place during the last three days of the month, the transactions should be telegraphed to the Currency Officer.

v. On each day on which a chest is opened a slip in Form T. E. 2 serially numbered and signed by the two Government officers in charge of the chest, must be sent at the close of the day to the Currency Officer.

Note 1. The Mint Master should use chest slip in Form T, E. 3 instead of Form T. E. 2.

Note 2. The chest slips may be destroyed three months after the balances have been verified.



May Exam-2026

Solutions – Federal Treasury Rules (Theory)

Q.2. 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 totaling 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;

Note. -This must be done, in the case of receipt registers, even when the total for the day is blank; but it is not necessary to initial blank payment registers. If the number of blank receipt registers is great, the following plan may be adopted. Such registers as are only rarely required for entry may be bound in a single volume and kept under the Treasury Officer's own lock. When the volume is required for entry he should give out the register for the purpose and he should receive it back at the time of signing the daily accounts, carefully seeing in doing so that all new entries in it are correctly carried to the cash book and initialing them accordingly. It is obviously necessary to guard against fraud or mistake of omitting to bring all entries from these registers upon the cash book; and this precaution is not complete if the Treasury Officer examines only those registers from which an entry is made upon the cash book.

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 aluminium 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.



May Exam-2026

Solutions – Federal Treasury Rules (Theory)

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

Note.-Ordinarily, the Treasurer's balance sheet should be compared and agreed with that of the Accountant before closing the treasury for the day. 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.3. Rule 773- Fed Treasury Rules VOI-I

LAPSE OF DRAFTS

773)

1. Drafts which are not paid before the end of the third account year after that in which they are issued shall be treated as lapsed and shall be so marked in the advice. Should any one apply for payment of a lapsed draft, he should be directed to address the Currency Officer for orders.

2. Government drafts which are not paid before the end of the third account year after that in which they are issued shall be treated as cancelled and shall be so marked' in the advice. Should any one apply for payment of a draft so cancelled, he should be directed to approach the remitter for issuance of a new draft which may be issued to him on the production of a non-payment certificate from, the drawee Office.

Q.4. CHAPTER I Page-236 of Fed Treasury Rules Vol-I

NON-BANK TREASURIES

5) At places where the cash business of the treasury is not conducted by the Bank, the Treasury Officer is responsible for keeping sufficient funds at the district treasury and sub-treasury to meet all Government disbursements and at the same time for maintaining the balances as low as possible, in order that money may not be locked up unnecessarily. The Currency Officer will watch and ask for an explanation, if such balances rise above the normal figures prescribed by the

Government under paragraph 7 below and will arrange for the transfer of funds where necessary, but he will not be held responsible if an excess is not immediately brought to notice and rectified.

6) The Treasury Officer is responsible for watching the balances at sub-treasuries the cash business of which is not conducted by the Bank, and should arrange for transfers of funds from and to such sub-treasuries, either through Currency or by remittance of notes and coin, in accordance with the procedure prescribed in Part

XI.



May Exam-2026
Solutions – Federal Treasury Rules (Theory)

Q.5. SECTION VII
WITHDRAWALS OF PUBLIC MONEYS.

12) In this section "withdrawal", with its cognate expressions, refers to the withdrawal of funds from, the Federal Consolidated Fund or the Public Account of the Federation, as the case may be, for disbursements of or on behalf of the Government other than the disbursements in the United Kingdom.

13) Save as expressly provided by or under these rules/or unless the Government after consultation with the Auditor General otherwise direct in any case, moneys may not be withdrawn from the Federal Consolidated Fund or the Public Account of the Federation, as the case may be, without the written permission of the Treasury Officer or of an officer of the Pakistan Audit Department authorised in this behalf by an Accountant General.

14) An Accountant General may, within the limit of his own jurisdiction, permit withdrawal for any purpose. Unless expressly authorised by these rules or by any special orders of the Government, an Accountant General may not permit withdrawal at a place outside the limits of his own jurisdiction.

15)

1. Subject as hereinafter provided in this section, a Treasury Officer may permit withdrawal for all or any of the following purposes, namely: -

i. To pay sums due from the Government to the drawing officer;

ii. To provide the drawing officer with funds to meet claims likely to be presented against the Government in the immediate future by:

a) other Government servants, " or

b) private parties;

iii. To enable the drawing officer to supply funds to another Government officer from which to meet similar claims;

iv. To pay direct from the treasury or from the Bank sums due by the Government to a private party;

v. In the case of a Government officer or authority empowered to make investments of moneys, standing in the Public Account, for the purpose of such investments.

2. Unless expressly authorised by an Accountant General, a Treasury Officer shall not permit withdrawal for any purpose not specified in sub-rule (1) of this rule.

16) Except as provided in rules 24 and 25. a Treasury Officer shall not permit withdrawal for any purpose unless the claim for withdrawal complies with the provisions contained in Part V as to the person by whom, and the form in which, the claim shall be preferred and the checks to which the claim shall be submitted by the Treasury Officer before directing payment thereof

17) A Treasury Officer has no general authority to make payments on demands presented at the treasury, his authority being strictly limited to the making of payments authorized by or under these rules. If a demand of any kind is presented at a treasury for a payment which is not authorised by or under these rules, or is not covered by a special order received from the Accountant General, the Treasury Officer shall decline payment for want of authority. A Treasury Officer has no

authority to act under an order of the Government sanctioning a payment unless the order is an express order to him to make the payment; and even such special orders should, in the absence of urgency, be sent through the Accountant General.

18) A Treasury Officer shall not honour a claim which he considers to be disputable. He shall require the claimant to refer it to the Accountant General.



May Exam-2026
Solutions – Federal Treasury Rules (Theory)

19) Except as otherwise provided in Part V, a payment shall only be made in the district in which the claim arises.

20) No withdrawal shall be permitted in order to meet the pay, leave salary or allowances of a gazetted Government servant, or a reward or honorarium payable to a gazetted Government servant, or any pension, until the Accountant General has intimated to the Treasury Officer the rate at which payment shall be made; provided that the Government may, for special reasons and with the concurrence of the Auditor-General, waive the provisions of this rule.

21) No withdrawal shall be permitted on a claim for the first of any series of payment in a district, of pay or allowances to a Government servant other than a person newly appointed to Government service unless the claim is supported by a last pay certificate in such forms as may be prescribed by the Auditor-General. A Treasury Officer may not permit any withdrawal in respect of pay or allowances of a Government servant to whom he has granted a last pay certificate unless the certificate is first surrendered.

22) The Treasury Officer shall be responsible to the Accountant General for acceptance of the validity of a claim against which he has permitted withdrawal, and for evidence that the payee has actually received the sum withdrawn.



May Exam-2026
Solutions – Federal Treasury Rules (Application)
Treasury-KPG

Q.1. AUDIT OBJECTIONS AND RECOVERIES

213) Every Government servant must attend promptly to all objections and orders communicated to him by the Accountant General

214) When an Accountant General disallows a payment as unauthorised, the disbursing officer/or Treasury Officer is bound not only to recover the amount disallowed without listening to any objection or protest but to refuse to pay it in future till the Accountant General authorises the payment to be resumed; that no warning slip has been received by the Government servant against whom the retrenchment has been ordered or that being received, it has been answered, are facts with which the disbursing officer shall have no concern.

Note. Representations and protests against retrenchments ordered by the Accountant General may not ordinarily be considered by the administrative authorities if submitted later than three months after the date of receipt of the intimation by the aggrieved Retired Government servant. This provision does not remove from the disbursing officer/Treasury the duty of enforcing immediately the recovery of a retrenchment order under this rule.

Recoveries may not ordinarily be made at a rate exceeding one third of pay unless the Government servant affected has in receiving or drawing the excess, acted contrary to orders or without due justification.

216) A register shall be maintained at the treasury and every other disbursing office for recording all retrenchments ordered by the Accountant General. Separate columns shall be provided to show the name and office of the person from whom the recovery is to be effected, the nature and amount of the over-payment and the method by which the over-payment has been adjusted.

Q.2. The Printing Corporation shall send in advance copies of [invoices and Delivery Notes of the Stamps ready for delivery to the Deputy Controller of Stamps, Peshawar, who shall arrange for their clearance and direct the Store Keeper, Stamp Store, Peshawar to depute an Assistant Inspector to the Corporation for receiving delivery. Before taking delivery, the Assistant Inspector should check the code mark and serial number assigned to each case/packet with the Delivery Note and fee that the case/packet is intact and in sound condition otherwise.

iii. Store Keeper, Stamp Stores, Karachi/Dacca shall on receipt of stamp cases immediately examine their outward condition and satisfy himself that they bear no marks of tampering. He shall then store them in godown and acknowledge the relevant invoices. Stamp cases received shall be entered in the godown register showing date of receipt of each case in Store, code mark of the case and total number of cases in stock. The Store Keeper shall be personally responsible for the cases once he has acknowledged their receipt and entered them in the godown register.

iv. For retail distribution each case shall be opened in his immediate presence and contents verified. Before despatch of stamp cases from Stamp Store, Peshawar, as the case may be, the Store Keeper concerned shall examine personally outward condition of each case and shall see that they are intact and in sound condition. If, however, any case bears any marks of tampering he shall report the matter immediately to the Deputy Controller or the Assistant Controller, as the case may be, who shall verify the contents personally and submit a report to the Controller of Stamps. Any discrepancy or damage noticed in the originally sealed cases/packets shall be reported to the Controller of stamps through Deputy Controller of Stamps.



May Exam-2026
Solutions – Federal Treasury Rules (Application)
Treasury-KPG

Q.3. Authority for Payment Pension Payment Order Rule – 368 Treasury Rules Vol-I

Payment of pensions can be made only upon Pension Payment Orders issued by an Accountant General.

2. In issuing a Pension Payment Order, the Accountant General will

i. attach to the Order a specimen signature of the pensioner if he can sign his name and, except in the case of pensioners specified in sub-rule (2) of rule 367, his thumb and finger impressions of the left hand, the specimen signature and thumb and finger impressions being duly attested by the head of the office concerned or by some other responsible person; and

paste a certified copy of the Pensioner's photograph in passport size on the Disburser's portion as well as on the Pensioner's half of the Pension Payment Order.

This requirement will not apply to European or purdah-nashin ladies, persons who are in receipt of family pensions granted under the Wound and Extraordinary Pension Rules or the rules made under Government of Pakistan, Ministry of Finance No. (4)F. 12(2) RI/53, dated the 24th March, 1954, as amended, persons who retired from gazetted posts, persons who hold Government titles or to any other person specially exempted by the Government from the operation of this rule 1[unless any of such persons desires otherwise and furnishes copies of his photograph to the Accountant General to be posted on both the portions of the Pension Payment Order],

329)

1. On receipt of a Pension Payment Order at an office of disbursement, the Pensioner's portion shall be made over to the pensioner after proper identification when he appears to receive his pension for the first time. The specimen signature, or the thumb impression, as the case may be, of the pensioner shall be taken, where necessary, in the space provided for the purpose in the Disburser's portion of the Pension Payment Order.

2. The Disburser's portions of the Pension Payment Orders shall be pasted in serial order in separate files, one for each class of pensions, such as Service, Political, Colonial Governments, etc. These files must be kept in the personal custody of the disbursing officer in such a manner that pensioners shall not have access thereto

NOTE. - Pension Payment Orders should ordinarily be filed in one series for the whole district or circle of disbursement, but the Accountant General may allow filing by sub-treasury or any other series as may be found convenient.

When a pensioner is specially exempted from personal appearance, the fact shall be noted by the disbursing officer on his Pension Payment Order, and in all cases of non-appearance of a pensioner, a note shall be made on the Pension Payment Order of the form in which proof was given, within each year, of the pensioner's continued existence, e. g., "appeared in person on----"; and the initials of the disbursing officer or of the verifying the fact shall be put against the note

333) After the commuted value of a portion of a pension is paid, both portions of the Pension Payment Order must be returned without delay to the Accountant General, who will issue a fresh Pension Payment Order authorising payment of the reduced pension in future.

334) If the Pension Payment Order received from an Accountant General's office relates to a pensioner in whose favour an anticipatory Pension Payment Order has been issued, special



May Exam-2026
Solutions – Federal Treasury Rules (Application)
Treasury-KPG

care shall be taken to return both halves of the anticipatory Payment Order, together with the voucher for the first payment of the final pension, to the Accountant General's office in a registered cover in advance of the treasury schedule.

336) Each disbursing officer shall keep a register in Form T. R. 36 of the Pension Payment Orders issued on his office, which will serve as an index to the files of orders referred to in sub-rule (2) of rule 329. After seeing that a new order is correctly entered in this register, the disbursing officer shall put his initials in the column of "Name of pensioner" and rule a red ink line across the page below the entry. The column of remarks will be blank as long as the order of payment is in force; but when both portions of the order are returned on account of death of pensioner or application for transfer or otherwise, which causes strike it permanently off the list of pensioners under his payment, the date and cause of return shall be entered under the disbursing officer's initials.

Q.4. Due/ drawn Statement

Amount in PKR				
Pay Due on 15.5.2023	112,260/-	Pay drawn on 15.5.2023 106,630	Difference p/month 5,630	Diff. from 15.6.23 to 30.11.23 36867/-
Pay due on 1.12.2-23	116,520/-	Pay drawn on 1.12.2023= 110,050	6,470	Diff. from 1.12.23 to 30.11.24 = 77,640
Pay due on 1.12.2-24	120,780/-	113,470	7,310	Diff. from 1.12.24 to 14.05.25 = 39,851
			Total difference	154,358

Q.5. Ref: Appendix-7 Rule 419- (5) Fed Treasury Rules- Vol-II

CASH BOOK AND ACCOUNT

5) A Cash Book should be maintained in Form T. R. 4A, and an abstract of the same in such form as may be prescribed by the Accounts Officer (duly signed by the Secretary) should be submitted to the Accounts Officer each month, so as to reach him not later than the 10th of the following month. The abstract should show (on the receipts side) the opening cash balance and (on the disbursement side) the closing cash balance of the month, the latter being verified by the Secretary by actual count. If he is unable to do this, he should make appropriate modification in the certificate regarding actual count. The following certificates should be recorded by the Secretary on the abstract:

1. The closing balance has been verified by actual count and found correct.
2. Conveyance hire shown in the abstract was unavoidable and was not incurred for a gazetted Government servant.



May Exam-2026
Solutions – Federal Treasury Rules (Application)
Treasury-KPG

3. Articles of non-expendible stores included in the abstract have been duly accounted for in a stock register maintained by me and that the rates paid are not high as compared with market rates and were received in good order. "

RECEIPTS

6) Receipts of Government money should not be acknowledged by letter. Counterfoil machine numbered receipt books (Form T. R. 5) should be used and all receipts should be signed by the officer in charge of the accounts and by a clerk. This officer should attest the relevant entry in cash book when he signs the receipt.

VERIFICATION OF CASH

7) The actual cash balance should be verified during the month by the officer in charge of the accounts and he should then record a dated certificate cash in hand verified and found to be Rupees (in words)------(Rs.....).
