



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Public Financial Management,
Financial Rules,
Financial Control and Budgeting
(Provincial) (Application)**

CGAD| PRAD

May Exam-2026

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Solutions – Public Financial Management, Financial Rules, Financial Control and Budgeting (Provincial) (Application)

Q.1. Apportionment of Pension:

a **CALCULATION SHEET OF PENSION APPORTIONMENT IN RESPECT OF MR.XYZ**
Date of Birth-30.4.1960

Date of superannuation---29.4.2020 Date of Joining Punjab government--- 18.9.1984 Date of joining Fed Government---08.5.1990 Pensionable emoluments- 142,200+1350+1000= 144,550
Calculations

- a. Gross Pension= $144,550 \times 70\% = 101,185$
- b. Period served in Provincial Government (18.9.1984 to 07.5.1990) = 2,058 days
- c. Period served in Federal Government (From 08.5.1990 to 29.4.2020) = 10,950 days
- d. Total service in days = 13,008 days

Pension Apportionment

A. Provincial Government share:

$$101,185 \times 12 \times 12.3719 \times 2058 / 13008 = 2,376,668$$

B. Federal Government share

$$101,185 \times 12 \times 12.3719 \times 10950 / 13008 = 12,645,540$$

Q.1. **Apportionment of Pension:**

b **CALCULATION SHEET OF PENSION APPORTIONMENT IN RESPECT OF MR.XYZ**
Data:

Date of Birth-30.4.1960
Date of superannuation---29.4.2020
Date of Joining Federal Government--- 18.9.1984
Date of joining Punjab Government---08.5.1990
Pensionable emoluments- 142,200+1350+1000= 144550

Calculations

- a. Gross Pension= $144,550 \times 70\% = 101,185$
- b. Period served in Federal Government (18.9.1984 to 07.5.1990) = 2,058 days
- c. Period served in Punjab Government (From 08.5.1990 to 29.4.2020) = 10,950 days
- d. Total service in days = 13,008 days

Pension Apportionment.

A. Federal Government share:

$$**101,185 \times 12 \times 12.3719 \times 2058 / 13008 = 2,376,668**$$

B. Punjab Government share

$$**101,185 \times 12 \times 12.3719 \times 10950 / 13008 = 12,645,540**$$



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Q.2. Sequence of procurement process

- i. Draw up bidding documentation ii. Formulate Procurement Evaluation Committee and Grievance Redressal committee
- ii. Set basis for Award (Lowest price/Technical criteria).
- iii. Set Award Criteria v. Formulate tender advertisement
- iv. Advertise on appropriate medium/PPRA Web etc vii. Evaluate tenders using approved criteria
- v. Invite most competitive bidder to elaborate bid if necessary ix. Select most suitable bidder giving value for money x. Award contract to the successful bidder.

Q.3. (All amounts in million)

Total amount for divisible pool	= Rs. 1,4270,822.6
Amount to be distributed among the provinces	57.5%
	= Rs. 14,270,822.6* 57.5%
	= Rs. 8,205,722.9
Punjab's Share	= 51.74% of the provincial share
	= Rs. 8,205,722.9*51.74%
	= Rs. 4,245,641.1

Q.4. The Examinee is expected to develop answer on the outline given below:

Public Finance has following main functions:

- Generation, allocation, and distribution of resources
- Price Stabilization
- Employment generation
- Monetary and fiscal policies and economic growth.

Public sector has following limitations:

- Resource constraints
- Administrative limitations
- Social and political acceptability

Q.5. The bill or other voucher presented as a claim for money will be received and examined by the accountant and, if it is deficient in any of the following respects, it should not be cashed but should be returned to the drawing officer for completion. Prescribed form;

- a. Signatures,
- b. Countersignatures and transliteration of vernacular signature;
- c. Quotations of sanction or authority, where necessary;
- d. Affixing of receipts stamps where necessary;
- e. Arithmetical correctness of totals and calculations of broken periods;
- f. Attestation of alterations;
- g. Last pay certificates and absentee statements for all officials on leave or deputations, attached;
- h. Printed instructions on reverse of traveling allowance bill forms strictly complied with.



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Q.6. Examinees to apply their mind and discuss their personal views.

a

Q.6. b. Pension Calculation

b

1st step; Pensionable emoluments

Basic Pay on 01.12.2025 was Rs 82,440

According to pension reforms of 2024 and subsequent clarifications by the FD, the basic pay for pension emoluments will be calculated on the basis of average pay drawn during last 36 months. For calculation of average pay, three 1st July basic pays before the date of retirement will be taken and their average will be calculated. No other pay other than personal pay will be included in pensionable emoluments.

As the date of superannuation is 15.6.2026 so previous three 1st July pays will be as following:

01.7.202578,180

01.7.2024.....73,920

01 7.2023.....69,660

Total of the three pays= 221,760

Average Pay: $221,760/3=73,920$

Average Pay for Pension purpose will be Rs 73,920. Qualification is not the part of pensionable emoluments as per reforms.

Hence, Total Pensionable emoluments= 73,920

2nd Step; Gross Pension = $73920*210/300$

=51,744

3rd Step; Net Pension (35% will be commuted) = $56024*75/100= 38,808$

4th Step; Commutation Commutable

part of gross pension= $56024 *25/100= 12,936$

He has retired on superannuation, hence for commutation the factor for 60 years will be applied which is 12.3719.

Commutation= $12,936*12.3719*12$

= 1,920,514

Q.7. Sales Tax vs Income Tax

a

- **Income tax is a Direct Tax whereas Sales Tax is Indirect.** • **Target: Sales tax applies to purchasing goods/services; Income tax applies to money earned.**
- **Collection:** Sales tax is collected by sellers (merchants) and remitted to the government; Income tax is filed directly by individuals/businesses.
- **Rate Structure:** Sales tax is often a flat percentage rate; Income tax typically uses progressive slabs i.e. higher income results in higher tax percentages.
- **Applicability:** Sales tax applies regardless of total income level, making it technically regressive; Income tax is based on financial capability.



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Q.7. Sales Tax Calculation

- b** Total invoice amount including Sales Tax : Rs 1,003,000
Tax Rate = 18%
Tax Fraction = $18/118=0.15254$
Amount of Sales Tax in the total amount = $1,003,000*0.15254= 152,998$
In case of an active tax payer $1/5^{\text{th}}$ of the tax is withheld so:
 $152,998* 20\% = \boxed{30,600}$
