



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Performance Auditing
(Application)**

AGP | PG | Public Sector | KPG

Winter Exam-2025

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Solutions – Performance Auditing (Application)

Q.1. [Chapter 2 (I) and (J) of Performance Audit Manual of DoAGP]

Q.2. [CONTENTS OF PRELIMINARY SURVEY REPORT]

SOURCES FOR GATHERING DATA FOR PSR

- ▶ Entity's enabling legislation
- ▶ Entity policies, Rules and Regulations
- ▶ Entity objectives and functions
- ▶ Accountability Arrangements
- ▶ Organizational Structures, Systems & Processes
- ▶ Entity's MIS
- ▶ Entity's Budget and Expenditure Statement
- ▶ Information regarding operational results
- ▶ Internal Audit Reports

HOW TO OBTAIN INFORMATION?

- ▶ Review of Literature
- ▶ Interviewing the key personnel of auditee
- ▶ Site visits
- ▶ Discussions with experts
- ▶ Feedback from beneficiaries
- ▶ Media reports

PRELIMINARY SURVEY ACTIVITIES

- ▶ Files and documents reviewed
- ▶ Observing and understanding operation
- ▶ Studying MIS, controls and procedure
- ▶ Risk assessment through interviewing key personnel
- ▶ Obtaining data on key indicator
- ▶ Review internal audit work

ELEMENTS OF PSR/PLANNING PROCESS

- ▶ Introduction to the project/program
- ▶ Audit objectives
- ▶ Audit scope, approach and methodology
- ▶ Risk assessment
- ▶ Issues of potential significance
- ▶ Audit criteria
- ▶ Audit Execution Plan
- ▶ Audit cost & Schedule/timing
- ▶ Specialized skill requirement

ISSUE OF POTENTIAL SIGNIFICANCE

- ▶ Outcomes and outputs
- ▶ Apparent inefficiency
- ▶ Non-compliance with mandate or legislation
- ▶ Planning Process



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Q.3. [Answer at Annex-A of PA Manual of DoAGP]

Q.4. $FV = PV * (1+r)^t$

a

$$5000 * (1+12)^{10}$$

$$5000 * (1+.12)^{10}$$

$$5000 * (1.12)^{10}$$

$$5000 * (3.10)$$

$$5000 * 3.10 = 15500$$

Q.4. $PV = FV * \frac{1}{(1+r)^t}$

b

$$PV = 10000 * \frac{1}{(1+.15)^8}$$

$$PV = 10000 * \frac{1}{(1.15)^8}$$

$$PV = 10000 * \frac{1}{3.06}$$

$$PV = 10000 * 1 / 3.06 = 3268$$

Present Vale (PV) of amount to be received 08 years from now

Q.5.

a

Particulars	2023-24	%	2022-23
		Inc /(Dec)	
No. of Ships	12		12
Cargo carried by owned and chartered vessels (in million tons)	9.94	(8.22)	10.83
Operation Revenue			
Own vessels	33,778.49	(11.84)	38,317.88
Chartered vessels	4,068.73	(3.25)	4,205.51
Slot Chartered revenue	3,150.69	(33.06)	4,707.06
Total income from shipping business	40,997.91	(13.20)	47,230.45
Rental Income	287.97	8.48	265.46
Other income/other operating activities	9,129.08	(44.84)	16,549.54
Total revenue	50,414.96	(21.28)	64,045.45
Operating expenses			
Fleet expenses	(27,428.41)	0.15	(27,469)
Admin expenses	(2,003.50)	24.54	(1,608.71)
Other expenses including Real Estate Expense	(885.05)	58.83	(557.22)
Total expenses	(30,316.96)	2.30	(29,634.93)
Operating profit/(loss)	20,098.00	(41.59)	34,410.52
Finance Cost	(1,014.77)	(28.08)	(1,411.03)
Profit/(Loss) before Taxation	19,083.23	(42.17)	32,999.49
Profit/(Loss) after Taxation	20,181.73	(32.71)	29,994.30



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Q.5.
b

Revenue Performance

The shipping business of the company decreased by Rs. 6,232.54 million (13.2%) from Rs. 47,230.45 million in 2023 to Rs. 40,997.91 million in 2024. This significant decline in revenue warrants further investigation to determine the underlying causes.

Operating Expenses

Operating expenses decreased by 2.3% in 2023-24, mainly due to a 0.15% increase in fleet expenses and a 24.54% increase in administrative expenses.

Admin expenses increased by 24.54% in year 2024 rising from Rs.1,608.71 million in 2023 to Rs.2,003.50 million in 2024. This rise in cost is primarily due to fee to Directors, repairs and maintenance, workshop management & benefits and allowances to employees

Other expenses increased by 58.83% in 2024 from Rs.557.22 million in 2023 to Rs.885.05 million. This indicates significant increase due to unrealized exchange loss of Rs.198.134 million and certain other claims have been filed against the company in respect of employees' matters for an aggregate amount of approximately Rs. 82.60 million during year 2024.

Operating Profit

The operating profit declined by 41.59% in 2023-24, primarily due to the decrease in total revenue.

Financial Performance

The company's profit before taxation declined by 42.17% in 2023-24, while profit after taxation decreased by 32.71%. The finance cost decreased by 28.08% in 2023-24.

Q.6.

Aspect	KPI	Quantifiable Metric	Means of Verification
Economy	Cost-efficient production of vaccines and procurement of equipment	Percentage of procurement conducted through open tenders vs. direct procurement	Procurement records, bid evaluation reports, (comparison of actual vs budgeted expenses)
	Reduction in production cost per vaccine dose	Cost per dose over the years	Financial records, budget reports
	Compliance with the Procurement Rules	100% adherence to Procurement Rules	Procurement and bidding documents
	Budgetary control and avoidance of unnecessary expenditures	Percentage of budget utilized vs. allocated funds	Budget reports, financial statements
Efficiency	Production of vaccine as per planned targets	Number of doses produced vs. production capacity	Production logs, annual report
	Timeliness of procurement, vaccine production and sale of vaccine	Procurement lead time, stock availability	Procurement records, stock registers
	Optimal utilization of allocated funds to achieve targeted results	allocated funds utilized effectively	Financial utilization reports
	Avoidance of time and cost overruns in production of vaccine and its sale	Ensure deviation in approved project timelines and costs	Project cost vs estimated budget comparison
Effectiveness	Timely appointment of key personnel	Number of vacant vs. filled positions in essential posts	HR records, appointment notifications
	Ensuring sufficient availability and sale of vaccines to target	Percentage of demand met	Distribution records, stakeholder reports



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	populations		
	Optimum production of vaccine as per requirement	Number of new vaccines developed for emerging diseases	Research reports, vaccine approval documents
	Compliance with international regulatory standards	Registration with ISO, DRAP	Certification records, compliance audit reports
	Achievements of planned objectives in vaccine production	Ensure all planned vaccine development targets are met within stipulated timelines	Annual performance evaluations
	Adoption of biosafety and eco-friendly vaccine production methods	Shift from traditional, environmentally harmful methods to advanced eco-friendly practices.	Technology adoption reports, procurement records
