



FINANCIAL STATEMENTS

of

Government of the Punjab

2022-2023



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PREFACE

I am pleased to present the Financial Statements of the Government of the Punjab for the financial year ended 30th June, 2023 together with the Auditor's Report thereon.

The Financial Statements of the Government of the Punjab for the financial year 2022-2023 have been prepared by the Accountant General Punjab under Section 5 of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 and are the responsibility of the Controller General of Accounts (CGA).

In response to the changing nature of stakeholder's requirements for making informed decision based on financial information and developments in the public sector accounting standards, the role of CGA has transformed. Stakeholders now expect high quality, reliable and relevant financial reports and the focus of CGA is not limited to reporting historical results, but is now constantly moving towards enhancing public value, by providing the legislature and the executive through the Financial Statements an insight of the Government's financial performance.

In December 2000, Auditor General of Pakistan prescribed New Accounting Model (NAM) with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan. NAM, which conforms to international best practices, comprises of seven volumes and is based on Modified Cash Basis of Accounting in which, though cash basis of accounting is followed, the following additional concepts have been introduced:

- Commitment Accounting
- Physical and Financial Assets Accounting
- Liabilities Accounting


Commitment, asset and liability accounting practices are not yet implemented and these financial statements have been prepared on cash basis of accounting and do not include accrued receipts and liabilities.

The current year's Financial Statements have been prepared under NAM and the format of International Public Sector Accounting Standards (IPSAS) Cash Basis - Financial Reporting under the Cash Basis of Accounting has been adopted for the preparation of these Financial Statements.

These Financial Statements focus on reporting the budgetary activity of the Government for the financial year as laid down in the financial procedures of the Constitution which describes the Government as District Government Fund and Public Account for which Annual Budget Statement is authorized by the District Assembly in the form of Budgetary Grants.

Finally, it is important to emphasize the value of sustained and dedicated efforts towards excellence in public sector financial accounting and reporting. Moving forward, management and staff of CGA are working closely to address the challenges and issues which can limit the quality, transparency

and reliability of financial reports. Through continually improving financial reporting based on international good practice we are committed to support the decision making critical to the nation's fiscal future.



Controller General of Accounts

Islamabad, Pakistan.

Dated: 15 DEC 2023



Auditor General of Pakistan

Audit House, Constitution Avenue
Islamabad, Pakistan

Auditor's Report

I have audited the accompanying Financial Statements of Government of the Punjab, which comprise the statements of receipts and payments for the year ended 30th June, 2023, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget, actual expenditure by departments and statement of appropriation of grants by object for the year ended 30th June, 2023 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and proper presentation of these financial statements in accordance with the applicable financial reporting framework.

Auditor's Responsibility

My responsibility is to express opinion on these financial statements based on my audit in accordance with the requirements of Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. I conducted my audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and other guidelines issued by my department. These standards require that I perform procedures, including risk assessment, to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit process includes examining, on a test check basis, evidence supporting the amount and disclosures in the financial statements. It also includes assessing the accounting policies used and evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my Opinion:

- These financial statements properly present, in all material respects, the financial position of the Government of the Punjab as at 30th June, 2023 and the results of its operations, its cash flow and its expenditure and receipts, by appropriation for the year ended 30th June, 2023 in accordance with the stated accounting policies of Government of the Punjab.
- The sums expended have been applied, in all material respects, for the purposes authorized by the Provincial Assembly and have, in all material respects been booked to the relevant grants and appropriations.

Emphasis of Matter

- A sum of Rs.111,779 million of various departments and attached departments was lying in various commercial banks accounts up to 30.09.2022. This amount was deposited with commercial banks in violation of Article 118 of Constitution of Islamic Republic of Pakistan which makes it binding to deposit these amounts into provincial consolidated fund. Further, it was also observed that amount

retained in commercial banks of departments, attached departments and autonomous bodies was aggregating to the tune of Rs.503,394 million. In comparative terms, the grossed-up total of commercial accounts balances had been increased by Rs.93,329 million i.e. 23% from previous balance of Rs.410,066 million up to 30.06.2021. Moreover, an amount of Rs.14,775 million which was deposited in 780 commercial banks accounts was treated as un-identified with respect to respective titleholders. Admittedly, Finance Department had not adhered to the time frame for prescribing the implementation plan to roll out PFM Modules within six months of the promulgation of PFM Act 2022, contrary to what had been prescribed within the meaning of section 45(1) of the PFM Act, 2022. Finance Department has also not pursued the policy guidelines for treatment of profits earned on funds lying in commercial banks of departments and attached departments from money withdrawn from Provincial Consolidated Fund (PCF) / Public Account of the Province which ought to be re-deposited in PCF. Finance Department has not carried out a detailed census of the operated commercial accounts and balances therein.

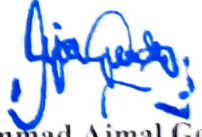
- II. An expenditure of Rs.11,131 million was incurred in excess/without budgetary allocations during 2022-23, violating the provisions of Punjab Budget Manual. Admittedly, final figures of the budget contain posting contrary to Chapter 14 of Punjab Budget Manual of which Rs. 2,911 million pertain to contingencies where budget was released by Finance Department on SAP R/3 whereas the same was not printed in the budget book. Moreover, expenditure of Rs.9,583 million was not accepted by the departments and remained un-reconciled.
- III. As per APPM para-No.14.3.1.1, no authority shall incur expenditure or enter into any commitment involving expenditure from the Public Account, unless it is sanctioned under the governing Act, Order or other regulation for the particular trust account or special deposit account. All District Education & Health Authorities in Punjab regarding Account-V & VI are obligated to ensure that all Public Account receipts as well as Consolidated Funds receipts are remitted to the Provincial Consolidated Fund or Provincial Public Account Fund as the case may be. Public Account Receipts of Rs.6,133 million up to 30th June,2023 including receipts of financial year 2022-23 amounting to Rs.1,112 million were not transferred to Public Account of Government of the Punjab, Account-I.
- IV. Established recovery amounting to R.4,391 million was lying unrecovered as borne on Form-II statement and the same exhibited dues accumulated, not being pursued for prompt recovery as arrear of Land Revenue. Further, the perpetuated encroachment of Forest Land was measuring 27143-acre and the quantum of encroached upon forest land was showing increase, contrary to urgency to remove encroachments.

Other Reports

Reports covering significant aspects of the financial governance or economical and effective utilization of public resources are submitted separately to the Governor of the Punjab under Article 171 of the Constitution of the Islamic Republic of Pakistan.

Islamabad, Pakistan

Dated: 18 DEC 2023


(Muhammad Ajmal Gondal)
Auditor General of Pakistan

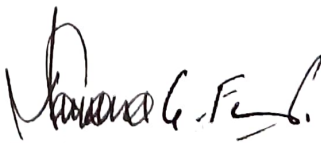
GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Financial Year Ended 30th June 2023.

	Note	2022-23 Rupees in Million		2021-22 Rupees in Million	
		Receipts Controlled by Provincial Government	Payments by Third Parties	Receipts Controlled by Provincial Government	Payments by Third Parties
PROVINCIAL CONSOLIDATED FUND					
RECEIPTS					
<i>Taxation - Transfers from Federal Government</i>	8.	2,065,150	-	1,764,759	-
<i>Taxation - Provincial Government's Own Collection</i>	9.	298,000	-	274,307	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration Receipts	10.	22,800	-	19,470	-
Economic Services Receipts	11.	54,006	-	39,870	-
Development Surcharge and Royalties	12.	11,483	-	7,977	-
Other Receipts	13.	2,237	-	4,638	-
Interest on Loans and Advances	14.	751	-	574	-
Dividend and Profit Share		2,100	-	2,780	-
		93,377	-	75,309	-
<i>Grants and Aid</i>	15.	22,594	-	67,905	-
<i>Borrowings</i>					
Foreign Debt	16.	103,443	17,875	44,381	9,076
Domestic Debt		436,612	-	245,114	-
		540,055	17,875	289,495	9,076
<i>Capital Receipts</i>					
Recovery of loans and advances	17.	3,576	-	1,558	-
Recovery of investment		-	-	-	-
		3,576	-	1,558	-
<i>Trading Activities and Recoveries</i>	18.	486,006	-	220,362	-
<i>Receipts of District Government</i>		-	-	-	-
<i>Receipts of District Authorities</i>	19.	3,824	-	4,190	-
TOTAL RECEIPTS		3,512,582	17,875	2,697,886	9,076

GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Financial Year Ended 30th June 2023.

	Note	2022-23 Rupees in Million		2021-22 Rupees in Million	
		Payments Controlled by Provincial Government	Payments by Third Parties	Payments Controlled by Provincial Government	Payments by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and employee benefits	20.	750,910	-	618,468	-
Operating expenses		170,694	-	144,986	-
		921,604	-	763,454	-
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21.	325,135	16,737	405,065	7,550
Other transfer payments		69,574	1,138	62,419	1,527
		394,709	17,875	467,485	9,076
<i>Expenditures on</i>					
Physical assets		498,471	-	307,038	-
Civil works		305,302	-	216,265	-
Repairs and Maintenance		46,113	-	32,365	-
		849,886	-	555,668	-
<i>Debt and Interest Payments</i>					
Principal Repayments of Debts	22.	695,608	-	216,156	-
Servicing of Debts	23.	129,890	-	56,454	-
		825,499	-	272,610	-
<i>Other Payments</i>					
Loans and advances - Non financial institutions		27,142	-	22,838	-
Investments		10,500	-	5,000	-
		37,642	-	27,838	-
<i>Payments of District Authorities</i>	24.	491,578	-	422,837	-
TOTAL PAYMENTS		3,520,918	17,875	2,509,892	9,076
NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND		(8,336)	-	187,994	-
NET PAYMENT OF PUBLIC ACCOUNT	25.	36,105	-	42,570	-
INCREASE/(DECREASE) IN CASH		27,768	-	230,564	-
CASH AT BEGINNING OF THE YEAR		437,609	-	207,045	-
INCREASE/(DECREASE) IN CASH		27,768	-	230,564	-
CASH AT END OF THE YEAR	26.	465,377	-	437,609	-


The annexed notes 1 to 30 form an integral part of these financial statements.


Accountant General (Punjab)

GOVERNMENT OF PUNJAB
Statement of Cash Flows
For the Financial Year Ended 30th June 2023.

	<i>Notes</i>	2022-23 Rupees in Million	2021-22 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES			
Taxation - Transfers from Federal Government	8.	2,065,150	1,764,759
Taxation - Provincial Government's Own Collection	9.	298,000	274,307
Non-Tax Revenue & Other Receipts	10-14.	91,277	72,529
Grants and Aid - Receipts	15.	22,594	67,905
Trading Activities - Receipts	18.	486,006	220,362
Servicing of Debt - Payments	23.	(129,890)	(56,454)
Transfers - Payments		(394,709)	(467,485)
Operations - Payments		(921,604)	(763,454)
Receipts of District Authorities		3,824	4,190
Payments of District Authorities		(491,578)	(422,837)
Cash from Operating Activities		1,029,069	693,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Recovery of Loans and Advances	17.	3,576	1,558
Recovery of Investment			-
Dividend and Profit Share		2,100	2,780
Investments		(10,500)	(5,000)
Expenditure on Physical Assets, Civil Works and Others		(849,886)	(555,668)
Payments of Loans and Advances		(27,142)	(22,838)
Cash used in Investing Activities		(881,852)	(579,168)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Foreign Debt	16.1	103,443	44,381
Receipt of Domestic Debt	16.2	436,612	245,114
Principal Repayments of Debt	22.	(695,608)	(216,156)
Net Receipt/Payment of Public Account	25.	36,105	42,570
Cash from Financing Activities		(119,449)	115,910
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27,768	230,564
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		437,609	207,045
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		465,377	437,609

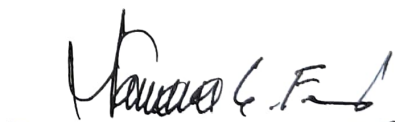
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 Accountant General (Punjab)

GOVERNMENT OF PUNJAB
Statement of Comparison of Budget and Actual Amounts by Function
For the Financial Year Ended 30th June 2023.

Note	2022-2023 (Rupees in million)			2021-2022 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<i>Revenue</i>						
Taxation	2,357,763	2,395,422	2,363,150	1,956,262	2,037,860	2,039,067
Non-Taxation	163,526	153,864	115,971	132,042	144,336	143,214
Total revenue receipt	2,521,288	2,549,286	2,479,121	2,088,304	2,182,196	2,182,280
<i>Capital</i>						
Domestic Debt	278,000	480,400	436,612	202,905	275,807	245,115
Foreign Debt	152,750	133,457	121,318	141,322	84,956	53,458
Recoveries of Loans and Advances	1,373	3,573	3,576	3,049	1,264	1,558
Recoveries others	272,980	500,857	486,006	217,434	236,543	220,362
Total capital receipt	705,103	1,118,287	1,047,511	564,710	598,569	520,492
<i>Receipt of District Government</i>	-	-	-	-	-	-
<i>Receipt of District Authorities</i>	-	-	488,072	-	-	426,079
TOTAL RECEIPTS	3,226,391	3,667,573	4,014,704	2,653,014	2,780,765	3,128,852
PAYMENTS						
<i>Revenue</i>						
General Public Service	1,074,613	1,016,251	997,023	866,847	886,871	848,590
Public Order and Safety Affairs	214,341	234,612	232,241	192,183	212,093	208,193
Economic Affairs	197,577	202,022	192,358	197,924	213,103	197,053
Environment Protection	5,332	3,103	2,946	5,024	2,800	2,522
Housing and Community Amenities	61,767	128,821	117,089	87,283	141,782	120,841
Health Affairs and Services	352,375	277,525	268,205	259,979	266,081	254,612
Recreation, Culture and Religion	14,109	9,553	9,227	11,922	12,386	11,859
Education Affairs and Services	137,390	121,525	118,195	119,759	109,704	103,422
Social Protection	20,855	36,384	34,178	10,896	10,536	8,738
Total revenue payment	2,078,359	2,029,795	1,971,462	1,751,818	1,855,356	1,755,828
<i>Capital</i>						
1 General Public Service	325,608	735,578	733,250	266,992	250,083	243,994
4 Economic Affairs	697,424	880,556	340,746	509,204	559,506	518,199
6 Housing and Community Amenities	-	-	-	-	-	-
# Social Protection	-	-	-	-	-	-
Total capital payments	1,023,032	1,616,133	1,073,996	776,196	809,590	762,193
<i>Payments of District Governments</i>	-	-	-	-	-	-
<i>Payments of District Authorities</i>	577,646	535,408	491,578	501,489	468,742	422,837
TOTAL PAYMENTS	3,679,037	4,181,336	3,537,036	3,029,504	3,133,688	2,940,858

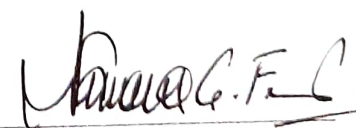
The annexed notes 1 to 30 form an integral part of these financial statements


Accountant General (Punjab)

GOVERNMENT OF PUNJAB
Statement of Comparison of Budget and Actual Expenditure by Department
For the Financial Year Ended 30th June 2023.

Departments	2022-2023 (Rupees in million)			2021-2022 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
Agriculture Department	52,453	44,502	42,084	58,658	55,213	53,879
Chief Minister Inspection Team	131	198	192	124	138	130
Chief Minister Secretariat	806	1,388	1,373	781	912	908
Board of Revenue						
Co-Operatives	1,757	1,725	1,575	1,568	1,553	1,418
Communication and Works	311,096	314,243	309,667	218,271	215,225	211,431
Energy Development	5,550	6,363	6,111	7,483	5,288	5,458
Environment Protection	5,451	3,400	3,050	5,105	2,900	2,616
Excise and Taxation Department	2,500	3,112	3,054	2,208	2,652	2,521
Food Department	563,210	1,211,267	674,863	426,236	535,101	496,098
Finance Department	1,035,463	1,016,922	1,014,184	902,488	824,488	805,988
Forest Department	9,145	7,868	7,589	8,221	10,929	10,154
Forestry, Wildlife & Fisheries	7,575	3,980	3,731	6,538	3,393	3,239
Governor's Secretariat	589	690	686	542	483	478
Health	349,068	272,607	263,948	255,266	262,102	250,288
Higher Education	58,273	55,787	48,994	46,535	50,195	42,702
Home Department	175,332	193,035	191,610	159,022	176,607	173,733
Housing and Physical Planning Department	41,133	89,626	88,331	58,314	97,997	82,143
Industries Department	23,520	22,550	21,727	24,045	25,504	24,410
Information Technology						
Information, Culture & Youth Affairs	13,142	9,342	9,126	11,247	11,677	11,540
Irrigation and Power	53,325	50,122	46,194	55,021	53,409	45,833
Labour	1,860	1,053	940	1,685	1,026	1,003
Law and Parliamentary Affairs	3,497	3,834	2,840	2,810	3,072	2,899
Literacy & Non Formal Basic Education	3,595	1,024	1,007	3,383	749	717
Live Stock and Dairy Development	17,565	19,130	18,887	17,682	15,268	15,100
Local Government And Rural Development	36,383	58,282	47,973	45,111	59,319	54,131
Management & Professional Development	266	264	262	220	220	214
Mines & Minerals Department	1,818	799	793	1,832	1,380	1,241
Planning & Development	133,453	43,443	33,793	31,952	68,543	52,276
Population Welfare	9,791	10,445	9,534	9,266	9,050	8,744
Provincial Assembly	3,688	3,494	3,321	2,992	2,966	2,665
Relief	12,176	23,939	21,915	1,499	1,570	629
Religious Affairs & Auqaf Department	1,218	348	314	862	755	420
Revenue	18,268	21,929	17,899	16,281	17,927	17,051
Service & General Administration Department	46,778	50,925	48,422	40,796	61,714	58,921
School Education	68,631	58,150	62,512	64,222	52,716	54,679
Social Welfare Department	3,734	3,510	3,413	3,422	3,243	2,900
Special Education	483	434	393	367	366	323
Transport	27,658	34,235	31,242	34,908	27,548	17,552
Women Development Department	618	465	442	691	569	482
Zakat and Ushr Department	392	1,501	1,469	364	1,179	1,108
	3,101,391	3,645,928	3,045,458	2,528,014	2,664,946	2,518,021
<u>Payments of District Governments</u>						
	577,646	535,408	491,578	501,489	468,742	422,837
<u>Payments of District Authorities</u>						
	3,679,037	4,181,336	3,537,036	3,029,504	3,133,688	2,940,858
TOTAL PAYMENTS						

The annexed notes 1 to 30 form an integral part of these financial statements


Accountant General (Punjab)

GOVERNMENT OF PUNJAB

Notes to the Financial Statements

For the Financial Year Ended 30th June 2023.

1. REPORTING ENTITY

Provincial Government - Punjab (the government) conducts its operations under the Rules of Business 1974. These rules were made pursuant to Article 139 of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and envisage Provincial Government as comprising of departments and their attached departments. Financial procedures of the Constitution describe the Government as Provincial Consolidated Fund and Public Account of the Province for which Annual Budget Statement is authorized by the Provincial Assembly in the form of budgetary grants. These Financial Statements focus on reporting the budgetary activity of the government for the financial year.

Article 170 of the Constitution confers the powers of defining the form, principles and methods of accounts of the Province to the Auditor General of Pakistan which describes Provincial Government as an accounting and reporting entity comprising of;

- a) Centralized Accounting Entities; for which the Accountant General Punjab has the primary responsibility of accounting and reporting.
- b) Self Accounting Entities; for which the Principal Accounting Officer has the primary responsibility of accounting and reporting. The Self Accounting Entity is Punjab Forest Department.
- c) Exempt Entities; special purpose authorities/organizations and all the government owned corporations/companies which are required to prepare their Financial Statements under their specific statute or Companies Ordinance, 1984 are classified as exempt entities. Financial Statements of these entities are not consolidated in the Financial Statements of the Provincial Government. New investments by the Provincial Government in such entities are capitalized and any grants to the entities are classified as an expense of the Provincial Government, if any, in the financial year to which they pertain. Return from these entities in the form of dividends or interest is classified as non-tax-revenue.

Under Punjab Local Government Ordinance, 2001 District Governments were established. The District Government consists of Zila Nazim and District Administration. Auditor General of Pakistan under section 14 of the said Ordinance prescribed Local Government Accounts Manual for District Governments. This manual required preparation of Annual Finance and Appropriation Accounts by each District Government. Besides Appropriation Accounts, from the financial year 2008-09 the District Governments were also preparing Finance Accounts and Financial Statements based on the format of Cash Based IPSAS. The Punjab Local Government Act 2013 (XVIII of 2013) was promulgated in 2013, which repealed Punjab Local Government Ordinance, 2001 in December 2016 through enactment vide Finance Department, Punjab notification no. Sd (TT) 6-1/2013 dated December 29, 2016 after Local bodies election. The Act describes Local Governments as Metropolitan Corporation, Municipal Corporation, a Municipal Committee, a Union Council, a District Council, a District Education Authority and District Health Authority.

Local Government Accounts Manual also required consolidation of Accounts of the District Governments in the Financial Statements of the Province. In these Financial Statements, Accounts of the following District Governments and District Education and Health Authorities have been consolidated.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

1 Attock	19 M.B.Din
2 Bhakkar	20 Multan
3 Bhawalpur	21 Mianwalli
4 Bhawalanagar	22 Muzaffargarh
5 Chakwal	23 Nankana Sahib
6 D.G.Khan	24 Narowal
7 Faisalabad	25 Okara
8 Gujranwala	26 Pakpattan
9 Gujrat	27 Rawalpindi
10 Hafizabad	28 Rajanpur
11 Jhelum	29 Rahim Yar Khan
12 Jhang	30 Sheikhpura
13 Kasur	31 Sialkot
14 Khanewal	32 Sahiwal
15 Khushab	33 Sargodha
16 Lahore	34 T.T.Singh
17 Layyah	35 Vehari
18 Lodhran	36 Chiniot

2. BASIS OF CONSOLIDATION

The financial statements of the Government of the Punjab have been prepared by consolidating the accounts of all Centralized and Self Accounting entities and thirty six (36) District Governments and seventy two (72) District Education and Health Authorities. The assets, liabilities, receipts and expenditure are added together line by line using the same functional/object classification. Material inter- government transactions such as transfers from Provincial Governments, which comprise receipts of District Authorities are eliminated in consolidation.

3. STATEMENT OF COMPLIANCE

These Financial Statements of the Government of the Punjab have been prepared in accordance with the New Accounting Model (NAM). In December 2000, Auditor General of Pakistan prescribed NAM with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan and the implementation of NAM is an ongoing process. Commitment, asset and liability accounting practices have not yet been implemented and memorandum register for assets and commitments do not exist and accounting for liabilities is not done in accordance with NAM.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

4. ACCOUNTING CONVENTION AND BASIS OF CONSOLIDATION

These Financial Statements have been prepared under the cash basis of accounting which recognizes transactions and events only when cash is received or paid by the entity. Assets and liabilities in the disclosed notes are on a historical cost basis.

These Financial Statements have been prepared as per the requirements of NAM that supports international best practices. The Government is moving towards full implementation of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash receipts and payments, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by department and notes forming parts thereof have been prepared on the format of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash flows as required by IPSAS 2 - Cash Flow Statements has also been presented, as encouraged by Cash Basis IPSAS.

The Financial Statements for the financial year 2022-23 have been prepared and presented in order to make a fair presentation of all the relevant financial information without making any change in the fundamentals applied and all policies have been applied on a basis consistent with the previous year.

5. REPORTING AND BUDGET PERIOD

The reporting and budget period of these consolidated Financial Statements is financial year 2022-23. (from 1st July, 2022 to 30th June, 2023).

6. REPORTING CURRENCY

The reporting currency of these consolidated Financial Statements is Pak Rupees.

7. SIGNIFICANT ACCOUNTING POLICIES

7.1 Recognition of Revenue

Revenue is recognized on the date of receipt of money by the bank or clearance of cheque. Revenue is recognized on a gross basis and any related costs are recorded separately. Receipts representing recovery of any previous overpayment are adjusted against relevant expenditure, if these occur in the same financial year.

7.2 Recognition of expenditure

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which the payments pertain is determined by the date on which a cheque or payment advice is issued. Policies for recognition of expenditure are as follows:

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

a) Payments made through cheque

Expenditure is recognized on the date the cheque is issued.

b) Inter-government transfers

Expenditure is recognized on the date the transfer is made by the transferor.

c) Payments directly in bank accounts

Expenditure is recognized on the date, payment advice is issued to the bank.

d) Direct payments by State Bank of Pakistan (SBP)

Expenditure is recognized on the date when State Bank of Pakistan advises repayment of loans and other direct payments to the relevant accounting office.

e) Imprest payments

Expenditure is recognized when the required claim vouchers are submitted and imprest account is reimbursed.

7.3 Foreign currency

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of transaction. Exchange differences arising on settlement of these transactions are recognized in the Statement of Receipts and Payments, but are not disclosed separately.

7.4 Employee benefits

The government has following plans for its employees:

a) General Provident Fund

An employee compulsorily subscribes to the General Provident Fund from the date of appointment and monthly subscription is by way of deduction from monthly payroll at a uniform rate of subscription, as advised by the Government for a financial year as laid in the Provident Funds Act (XIX of 1925) and General Provident Fund Rules. The Government pays interest on provident fund balance and is recorded as expenditure in the financial year.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

b) Pension

This is entitlement of government employees to a stream of payments after they retire from service. No liability for pension is recognized in the Financial Statements and pension payments made during the year are recorded as expenditure.

c) Encashment of leave

This represents liability arising from entitlements to various forms of leave earned by government employees. No provision is made and the expenditure is recognized on the basis of payments made during the year.

7.5 Investments

All investments acquired by the Provincial Government are initially measured at cost being the fair value of consideration given plus transaction costs that are directly attributable to their acquisition.

Subsequent to initial recognition, investments are carried at historical cost. Any dividends received against investments are recognized when received in the provincial consolidated fund.

7.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash with State Bank of Pakistan.

7.7 Liability

Liabilities are future sacrifices of economic benefits that the government is presently obliged to make as a result of the past transactions. All liabilities are recorded at historical cash value.

7.8 Public Debt

Public Debt comprises cash inflows from banks, similar lending agencies, commercial institutions and amounts owed in respect of non-cash assistance provided by third parties and foreign borrowings. All debts raised are classified as either floating or permanent debts depending on the nature of the transaction.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

7.9 Assets

Assets are future economic benefits controlled by the government as a result of past transactions or other past events. Assets are recorded at cost and currently no depreciation is charged.

7.10 Loan and advances

Loans and advances include loan and advances to autonomous bodies, financial and non-financial institutions, to government servants for house building and purchase of conveyances and other loans. Loans to government servants are interest bearing and interest is calculated in accordance with the General Financial Rules.

7.11 Payments by Third Parties

The Government also benefits from goods and services purchased on its behalf as a result of cash payments made by third parties during the period by way of loans and contributions, in the shape of grants and aid. The payments made by the third parties do not constitute cash receipts or payments controlled by the Government as defined in the Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting but do benefit the Government, as the Government does not receive cash (including cash equivalents) directly from, or gain control of the bank accounts or similar facility established for its benefit by the third parties. Payments by third parties, if any, are disclosed in the payments by third parties column on the face of statement of cash receipts and payments and notes to the financial statements.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

<i>Note</i>	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT		
<i>Direct Taxes</i>		
Income Tax	939,497	647,105
Wealth Tax	-	-
Capital Value Tax	1,903	114
	941,400	647,219
<i>Indirect Taxes</i>		
Sales Tax	749,727	744,898
Custom Duty	270,151	283,073
Federal Excise	103,872	89,569
	1,123,750	1,117,540
	2,065,150	1,764,759
9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION		
<i>Direct Taxes</i>		
Income Tax - Agriculture	2,319	2,113
Property Tax	6,058	4,469
Land Revenue	19,246	21,999
Tax on profession, Trade and Callings	1,140	1,068
Others	47	50
	28,810	29,699
<i>Indirect Taxes</i>		
Receipts Under Motor Vehicles Act	18,650	21,343
Stamp Duties	46,467	50,004
Provincial Excise	2,620	2,338
Others	201,453	170,923
	269,190	244,608
	298,000	274,307
10. GENERAL ADMINISTRATION RECEIPTS		
Organs of State	307	308
Fiscal Administration	2,098	1,616
Economic Regulations	235	224
Law and Order	6,528	6,631
Community Services	3,100	4,270
Social Services	10,533	6,421
	22,800	19,470

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

	<i>Note</i>	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
11. ECONOMIC SERVICES RECEIPTS			
Food and Agriculture		2,581	1,707
Fisheries and Animal Husbandry		1,876	2,217
Forest		854	1,112
Cooperation, Irrigation, Embankment-Drainage		4,459	3,869
Others		44,236	30,965
		<u>54,006</u>	<u>39,870</u>
12. DEVELOPMENT SURCHARGE AND ROYALTIES			
Development Surcharge on Gas	12.1	584	826
Royalty on Crude Oil	12.2	8,891	5,605
Royalty on Natural Gas	12.2	2,008	1,546
Net Hydel Profit from Hydro-Electric Stations	12.3	-	-
		<u>11,483</u>	<u>7,977</u>

12.1 The development surcharge on natural gas is levied under the Natural Gas Development Surcharge Ordinance, 1967. In pursuance of the said ordinance, the federal government has to fix the sale price for the consumers and prescribe a price for the gas companies. The difference between the two prices is the margin available to the government as development surcharge. The surcharge on natural gas is transferred to the provinces according to the production of gas in a province.

12.2 Royalty on crude oil and natural gas is received under Pakistan Petroleum Production Rules, 1949 at the rate of 12.5% on the well head value of production. Federal Government collects royalty on crude oil and natural gas which is transferred to the provinces on oil well head production basis after deduction of 2% collection charges.

	<i>Note</i>	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
13. OTHER RECEIPTS			
Sale of Other Government Assets		10	38
Sale of Land		285	2,855
Fees, Fines and Forfeitures		498	210
Sale and Rent of Urban property and Agriculture land		1,424	1,511
Others		22	24
		<u>2,237</u>	<u>4,638</u>
14. INTEREST ON LOANS AND ADVANCES			
Interest on Loans and Advances to Govt. Servants		-	-
Loans and Advances - Others		751	574
		<u>751</u>	<u>574</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

	Note	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
15. GRANTS AND AIDS			
Foreign Grants through Federal Government		4,570	3,408
Federal Government Grants	15.1	18,024	64,497
Grants from District Governments		-	-
		<u>22,594</u>	<u>67,905</u>
15.1 FEDERAL GOVERNMENTS GRANTS			
Development		15,127	57,635
Non- Development		2,897	6,862
		<u>18,024</u>	<u>64,497</u>
16. BORROWINGS			
16.1 FORIGEN DEBT - RECEIPTS			
Loan (Cash)			
Asian Development Bank		6,870	4,572
Exim Bank,China		-	-
International Bank for Reconstruction and Development		44,377	24,102
International Development Association - World Bank		49,206	13,048
International Fund for Agricultural Development		2,915	2,660
French Loan - CPK - 1047		75	-
JBIC Japan Bank for International Cooperation		-	-
		<u>103,443</u>	<u>44,382</u>
Loan (Direct Payment)			
Asian Development Bank		7,154	7,083
Exim Bank,China		10,563	-
International Bank for Reconstruction and Development		-	-
International Development Association - World Bank		86	1,993
International Fund for Agricultural Development		-	-
JBIC Japan Bank for International Cooperation		71	-
		<u>17,875</u>	<u>9,076</u>
		<u>121,318</u>	<u>53,458</u>
16.2 DOMESTIC DEBT - RECEIPTS			
Permanent Debt		-	-
Floating Debt		436,612	245,114
		<u>436,612</u>	<u>245,114</u>

16.1.1 This represents borrowings from Federal Government. Repayment period and interest rate for these borrowings are determined in accordance with terms and conditions of each loan.

16.2.1 Floating debt represents the borrowings of temporary nature such as ways and means Advance or Cash Credit Accommodation from the State Bank of Pakistan. These are repayable in twelve months.

16.2.2 Cumulative outstanding debt for commodity operations as of 30th June, 2023, in Punjab was Rs 442,814 million under head E03202- Cash Credit Accommodation Account-II. In this regard, markup paid on the outstanding debt was Rs 86,739 million under Grant PC13033 as Interest Payment during 2022-23 which had increased 114% as compared to previous financial year 2021-22 interest payment cost of Rs 40,593 million. Wheat procurement operation were causing financial loss every year because of the difference between the cost of procurement and storage and that of the sales price under the wheat release policy. The cumulative financial loss in Punjab from 2000-2001 to 2020- 2021 amounted to Rs 368 billion, growing at a compound annual growth rate (CAGR) of 24% since F.Y 2010 as stood elaborated in Fiscal Risk Strategy paper of the government of the Punjab by Finance Department. Amortization schedule was not available in SAP system for true & fair presentation of information regarding loans. Despite direction of the preliminary clearance committee, the Food Department was not able to place on record details of transactions, aging of CAGR corresponding with stock disposal with respect to each year of balances carried forward of debt as well as wheat stocks.

16.2.3 As per APPM para No.11.3.1, floating debt is the debt raised through the issue of Treasury Notes and Treasury Bills for Ways and Means at variable market rates and variable maturity terms. This includes Open Market Operations by the SSB and short-term finance provided by the State Bank of Pakistan (e.g. purchase of 6-month Treasury Bills). Floating debt represents the borrowings of temporary nature such as ways and means Advance or Cash Credit Accommodation from the State Bank of Pakistan. These are repayable within twelve months. Floating debts of Rs 174,441 million were shown outstanding during 2022-23. The zero balance against adjustment of ways & means advances was not ensured.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

<i>Note</i>	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
16.2.4	Negative closing balances of Rs. (213,185) million were appearing in Annexure-2 of Finance Accounts (Foreign Loans) indicating excess amount involved in meeting the repayment liability	
16.2.5	Excess payment of Domestic Loans of Rs (20,084) million appeared in annexure-I of Finance Accounts 2022-23 indicative of understated balances for accounts payable. Further Domestic Debts already appeared excess paid whereas a payment of Rs. 247.276 million was made during the financial year 2022-23 revealing further understated balances for accounts payable.	
16.2.6	A total payment of Rs.69,017 million is pending with Federal Government as Net Hydel Profit (NHP) share as on 30.06.2022 (Rs 27,021 million up to June 2016 and Rs.41,996 million from FY-2017 to FY 2022)	
16.2.7	The input-output adjustment of PST & GST return data on the part of filers remained unsettled and the outstanding claim against FBR on behalf of Punjab Revenue Authority (PRA) was amounting to Rs. 10,000 million which stood withheld unduly, despite an MOU agreement to this affect	

17. RECOVERY OF LOANS AND ADVANCES

Non-Financial Institution	3,493	1,556
Government Servants	67	(15)
Others	16	17
	<u>3,576</u>	<u>1,558</u>

18. TRADING ACTIVITIES AND RECOVERIES

Sale of wheat	486,006	220,362
	<u>486,006</u>	<u>220,362</u>

19. RECEIPTS OF DISTRICT AUTHORITIES

19.1 EDUCATION AUTHORITIES

Direct Taxes	2	+
Indirect Taxes	2	-
Receipts from civil Administration and Other Functions	2,489	2,647
Miscellaneous Receipts	369,262	321,953
Recoveries of Loans and Advances	-	-
	<u>371,755</u>	<u>324,604</u>
Less: Grants from Provincial Government - Punjab	<u>(369,156)</u>	<u>(321,564)</u>
	<u>2,599</u>	<u>3,040</u>

19.2 HEALTH AUTHORITIES

Direct Taxes	(0)	(1)
Indirect Taxes	1	14
Receipts from civil Administration and Other Functions	1,213	1,081
Miscellaneous Receipts	115,104	100,372
Recoveries of Loans and Advances	0	9
	<u>116,318</u>	<u>101,476</u>
Less: Grants from Provincial Government - Punjab	<u>(115,092)</u>	<u>(100,326)</u>
	<u>1,226</u>	<u>1,150</u>
	<u>3,824</u>	<u>4,190</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

	Note	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
20. SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		83,876	57,539
Pay of Other Staff		150,217	100,658
Allowances		184,002	197,475
Retirement Benefits		332,816	262,796
		<u>750,910</u>	<u>618,468</u>

21. GRANTS, SUBSIDIES AND WRITE OFF OF LOANS

Grants, Subsidies and write-off of Loans		826,120	834,505
Less: Transfers to District Governments	21.1	-	-
Less: Transfers to District Authorities	21.2	(484,248)	(421,890)
		<u>341,872</u>	<u>412,615</u>

- 21.1 Provincial Grants and subsidies amounting to Rs. 826,120 million (2021-22: Rs. 834,505 million) have been reduced by eliminating the transfers made to district authorities amounting to Rs.(484,248) million and similar amount has been eliminated from the receipt of District Authorities. This treatment has been done to avoid the double effect of inter-government transfer payments.
- 21.2 An expenditure of Rs.11,131 million was incurred in excess/without budgetary allocations during 2022-23, violating the provisions of Punjab Budget Manual. Admittedly final figures of the budget contain posting contrary to Chapter 14 of Punjab Budget Manual of which Rs. 2,911 million pertain to contingencies where budget was released by Finance Department on SAP R/3 whereas the same was not printed in the budget book. Moreover, expenditure of Rs.9,583 million was not accepted by the departments and remained un-reconciled.
- 21.3 Recovery of pending share regarding Rawalpindi Metro Bus was amounting to Rs. 24,300 million on account of construction work of Islamabad site and Rs. 5,769 million on account of subsidy.Both amounts were outstanding/dues against Capital Development Authority (CDA), Islamabad up to June, 2023. Earlier, CDA had given Rs. 1,000 million on account of subsidy to Punjab Mass Transit Authority on 25.04.2022 and the same was not deposited into Government Treasury as required under Treasury Rules.
- 21.4 Loans amounting to Rs. 236,334 million were not recovered from Public Sector Companies and Corporate Bodies. Moreover, Loans & Advances already paid were not recovered yet further loans amounting to Rs. 27,143 million were granted during the financial year 2022-23. Debt retirement materializing for the financial year amounted only to Rs.3,493 million. The retirement ratio was less than 2% of the debt disbursed in cumulative terms. Declaration of debts as bad debts could not be ruled out. The Financial Statement was thus hit by breach of adequate disclosure.
- 21.5 Revised Estimates 2022-2023 and Supplementary Budget Statement 2022-23 was not laid before Provincial Assembly of the Punjab and therefore also not authorized by the Chief Minister. In the absence of the constitutional Institution (Provincial Assembly), the constitutional obligation is pending for want of approval of the Assembly. Resultantly, neither the Supplementary Schedule of Authorized Expenditure 2022-23 amounting to Rs.865,154 million has been prepared nor Supplementary Budget Book has been printed under Article 124 of the Constitution of the Pakistan.It is mandatory that Supplementary and Excess grant are to be placed before Provincial Assembly for approval and authentication.
- 21.6 Expenditure of Rs. 35,464 million was misclassified as it was required to be booked under object code A12-Civil Works whereas the same was booked under object A05-Grants, Subsidies & Write off Loans & A06-Transfer in violation of Para 4.2.9.2 Accounting Policies and Procedures Manual (APPM).

22. PRINCIPAL REPAYMENTS OF DEBT

Foreign Debt		83,467	51,050
Domestic Debt	22.1	612,141	165,106
		<u>695,608</u>	<u>216,156</u>
22.1 DOMESTIC DEBT			
Permanent Debt		1,088	1,588
Floating Debt		611,053	163,518
		<u>612,141</u>	<u>165,106</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

	Note	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
23. SERVICING OF DEBT			
Domestic Debt		99,832	41,265
Foreign Debt		30,058	15,189
		<u>129,890</u>	<u>56,454</u>
24. PAYMENTS DISTRICT AUTHORITIES			
Education Authorities Expenditure	24.1	373,474	322,586
Health Authorities Expenditure	24.2	118,104	100,251
		<u>491,578</u>	<u>422,837</u>
24.1 EDUCATION AUTHORITIES EXPENDITURE			
Recreational, Culture and Religion		0	0
Education Affairs and Services		373,474	322,586
		<u>373,474</u>	<u>322,586</u>
24.2 HEALTH AUTHORITIES EXPENDITURE			
Economic Affairs		-	1
Health Affairs and Services		117,791	99,962
Education Affairs and Services		312	287
		<u>118,104</u>	<u>100,250</u>
25. NET RECEIPT/ (PAYMENT) OF PUBLIC ACCOUNT			
RECEIPTS			
Trust and Other Public Accounts		3,302,960	3,037,934
Special Deposits		108,257	141,451
State Provident Fund		51,210	28,468
		<u>3,462,428</u>	<u>3,207,853</u>
PAYMENTS			
Trust and Other Public Accounts		3,289,573	3,022,033
Special Deposits		99,170	109,680
State Provident Fund		37,580	33,570
		<u>3,426,323</u>	<u>3,165,283</u>
	25	<u>36,105</u>	<u>42,570</u>

25.1 As per para 25.1 of Accounting Policy & Procedures Manual (APPM) withdrawal from a Public Account head shall only be permitted up to the balance amount available. In contravention of above-mentioned para, withdrawals were made in excess of the balance under Head of account "G11264-Assignment Account (ADB)" amounting to Rs.67,845. understatement of Public Account.

25.2 As per APPM para-No.14.3.1.1, No authority shall incur expenditure or enter into any commitment involving expenditure from the Public Account, unless it is sanctioned under the governing Act, Order or other regulation for the particular trust account or special deposit account. All District Education & Health Authorities in Punjab regarding Account-V & VI are obligated to ensure that all Public Account receipts as well as Consolidated Funds receipts are remitted to the Provincial Consolidated Fund or Provincial Public Account Fund as the case may be. Public Account Receipts of Rs.6,133 million up to 30th June,2023 including receipts of financial year 2022-23 amounting to Rs.1,112 million were not transferred to Public Account Government of the Punjab Account-I.

25.3 While making payment of Revenue Deposit award lists were not available against Refund Voucher of Rs. 1,113 million & Original Challans amounting to Rs. 241.782 million were also not available. The disbursement were not corroborated by supporting evidence suggestive of transfer of title of the acquired land in favour of government entities in lieu of compensation paid.

25.4 As per APPM 14.4.1.1 withdrawal from a Public Account head shall only be permitted up to the balance of the fund. However, withdrawals were made excess of the balance under Head of account G10402-Forest Remittances amounting to Rs.2,336 million up to 30th June, 2022. This caused unauthorized charging of payments as well as understatement of Public Account.

25.5 Established recovery amounting to R.4,391 million was lying unrecovered as borne on Form-11 statement and the same exhibited dues accumulated, not being pursued for prompt recovery as area of Land Revenue. Further, the perpetuated encroachment of Forest Land was measuring 27143-acre and the quantum of encroached upon forest land was showing increase, contrary to urgency to remove encroachments.

25.6 Un-spent balance of Rs. 3,283 million under head G11218-Forest Deposit against Replenishment cost, were not accounted for against specifically earmarked projects. The subsidiary accounts required to spell out corresponding aging of utilization of deposits commensurate with the booking as well as the retained balances have shown mercurial revision with unexplained diversions of amounts from Punjab Consolidated Fund also without a linking and vouching trail.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

25.7 According to entries borne against Head Trust Account-Others for the year 2022-23, Cheques amounting to Rs.7,347 million were received and booked as receipts under head G10131-Forest Cheques in Finance Accounts whereas an amount of Rs.7,842 million was booked against payment under Forest Cheques revealing unsubstantiated effect of transfer entries, causing excess booking of payment for Rs.493.070 million, showing the unexplained excess payment made by the Forest Department.

26. CASH AND BANK

	Note	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
Provincial Government Balance		450,672	420,543
District Government Balance	26.1	(9,941)	(9,941)
District Authorities Balance		24,645	27,007
	26.2	<u>465,377</u>	<u>437,609</u>

26.1 The figure of Rs.(9,941) million shows un-reconciled Cash Balance of District Governments Account-IV which closed their functions on 31.12.2016. This figure is reflected in the Accounts as the activity of transfer of balances from Account-IV to Account-I is still under process.

26.2 A sum of Rs.111,779 million of various departments and attached departments was lying in various commercial banks accounts up to 30.09.2022. This amount was deposited with commercial banks in violation of Article 118 of Constitution of Islamic Republic of Pakistan which makes it binding to deposit these amounts into provincial consolidated fund. Further, it was also observed that amount retained in commercial banks of departments, attached departments and autonomous bodies was aggregating to the tune of Rs.503,394 million. In comparative terms, the grossed-up total of commercial accounts balances had been increased by Rs.93,329 million i.e. 23% from previous balance of Rs.410,066 million up to 30.06.2021. Moreover, an amount of Rs.14,775 million which was deposited in 780 commercial banks accounts was treated as un-identified with respect to respective title holders. Admittedly, Finance Department had not adhered to the time frame for prescribing the implementation plan to roll out PFM Modules within six months of the promulgation of PFM Act 2022, contrary to what had been prescribed within the meaning of section 45(1) of the PFM Act, 2022. Finance Department has also not pursued the policy guidelines for treatment of profits earned on funds lying in commercial banks of departments and attached departments from money withdrawn from Provincial Consolidated Fund (PCF) / Public Account of the Province which ought to be re-deposited in PCF. Finance Department has not carried out a detailed census of the operated commercial accounts and balances therein.

26.3 PROVINCIAL, DISTRICT GOVERNMENTS' & DISTRICT AUTHORITIES BALANCES

Consolidated Fund Balance	206,969	215,306
Public Account Balance	258,408	222,303
	<u>465,377</u>	<u>437,609</u>

27. ASSETS AND LIABILITIES

ASSETS

Long Term Assets	2,495,658	2,154,912
Loans and Advances	275,415	241,348
Current Assets	35,785	42,733
Cash & Bank and Treasuries	465,377	437,609
	<u>3,272,234</u>	<u>2,876,603</u>

LIABILITIES & EQUITY

Public Debt	676,264	813,942
Special Deposits	98,404	97,954
Trust Account	176,785	149,939
Current Liabilities	60,345	61,537
Residual Equity	3,260,436	1,763,231
	<u>3,272,234</u>	<u>2,876,603</u>

27.1 These financial statements have been prepared under cash basis of accounting, the information of assets and liabilities have been presented on the basis of limited records as explained in note 3 and these are not mandatory but encouraged disclosures as per international standards

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2023.

	Note	2022-23 Rupees in million '000,000	2021-22 Rupees in million '000,000
28. COMPARISON OF BUDGET AND ACTUAL AMOUNTS			
The approved budget is developed on the same accounting basis (cash basis), functional classification basis and for the same period as for the financial statements. It encompasses the same entities as in the consolidated financial statements – as identified in note 1 above.			
The statements of comparison of budgeted and actual amounts by function and by department are presented on gross basis. Grants received by District Governments from Provincial Government have been eliminated against transfers to District Governments in Statement of Cash Receipts and Payment as explained in note 2 and 21.1 for which a reconciliation is presented below.			
The format of Statement of Comparison of Budget and Actual Expenditure by Department has been revised due to increase in number of departments being presented in Appropriation Accounts.			
RECEIPTS			
ACTUAL RECEIPTS IN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL			
Amounts by Function		4,014,704	3,128,852
Less: Grants from Provincial Government	22	(484,248)	(421,890)
Less: Payments by third parties	7.11	(17,875)	(9,076)
Actual receipts in Statement of Cash Receipts and Payments		<u>3,512,581</u>	<u>2,697,886</u>
PAYMENTS			
ACTUAL RECEIPTS IN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL			
Amounts by Function and Actual Expenditure by Department		3,537,036	2,940,858
Less: Transfers to District Government & Authorities	22	(484,248)	(421,890)
Less: Payments by Third Parties	7.11	(17,875)	(9,076)
Actual payments in Statement of Cash Receipts and Payments		<u>3,034,913</u>	<u>2,509,892</u>

29. AUTHORIZATION FOR ISSUE

Under section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, read with Article 171 of the Constitution of Islamic Republic of Pakistan, the Auditor-General submits the certified Financial Statements of the Government of Punjab together with the audit reports on these Financial Statements to the Governor of Punjab who shall cause them to be laid before the Provincial Assembly. These consolidated financial statements have been authorized for issue on **18 DEC 2023**

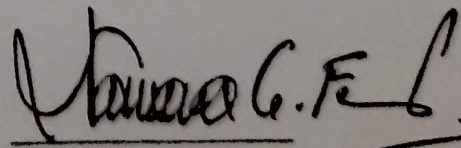
30. GENERAL

30.1 LEVEL OF PRECISION

Figures in these Financial Statements have been rounded off to the nearest million rupees, unless otherwise stated.

30.2 CORRESPONDING FIGURES

Corresponding figures, wherever necessary, have been rearranged and reclassified for the purposes of comparison.


Accountant General (Punjab)

GOVERNMENT OF PUNJAB

Annexures Notes FY 2021-22

- 16.2.2 Provincial internal debt of Account-II (Food) was increased by Rs.81,597 million from Rs.535,658 million to Rs.617,316 million at the end of financial year 2021-22 due to less provision of budget by Finance Department, whereas budgetary cover for subsidies was a mandatory requirement under para 14.4.1.1 of APPM.
- 21.2 An expenditure of Rs.8,673 million was incurred excess than or without budgetary allocations during 2021-22, violating the safeguards envisaged in Punjab Budget Manual.
- 21.3 An expenditure of Rs.6,526 million was not accepted by the departments and remained un-reconciled to the above stated amount.
- 21.4 Recovery of pending share regarding Rawalpindi Metro Bus amounting to Rs. 24,300 million on account of construction work of Islamabad site and Rs. 4,230 million on account of subsidy were outstanding/due against Capital Development Authority (CDA), Islamabad up to June, 2022. Moreover, CDA had given Rs. 1,000 million on account of subsidy to Punjab Mass Transit Authority on 25.04.2022 and the same was not deposited into Government Treasury as required under Treasury Rules
- 21.5 Loans amounting to Rs.168,950 million were not recovered from various Public Sector Companies which also include Rs.14,770 million outstanding against inactive/dormant companies. The companies extended loans had ceased to have the status of going concerns and as such actually conceded unreported bad debts defeated the pre-requisites of adequate disclosure
- 25.1 As per APPM 14.4.1.1 withdrawal from a Public Account head shall only be permitted up to the balance of the fund. However, withdrawals were made in excess of the balance under Head of account "G11264-Assignment Account (ADB)" amounting to Rs.67,845 million up to 30th June, 2022. This caused unauthorized charging of payments as well as understatement of Public Account.
- 25.2 Unspent balance of Rs.13,409 million was lying under head G11212-Deposits on Sugarcane Development Cess Fund. As per Sugarcane Cess Rules 1964, Cess Development fund was to be utilized for the development of Roads, Bridges etc. of Sugar Mills areas but the funds were not utilized for the said purpose by the Finance Department.
- 25.3 Un-spent balance of Rs. 2,880 million under head G11218-Forest Deposit against Replenishment cost, Security Deposit etc. need to be reconciled in lieu of specifically earmarked projects, also taking into account aging of utilization commensurate with the booking and deposit not yet consumed, the retained balances have shown mercurial revision with unexplained diversions of amounts without linking and wondering trail.
- 25.4 As per APPM 14.4.1.1 withdrawal from a Public Account head shall only be permitted up to the balance of the fund. However, withdrawals were made excess of the balance under Head of account G10402-Forest Remittances amounting to Rs.2,382 million up to 30th June, 2022. This caused unauthorized charging of payments as well as understatement of Public Account.
- 25.5 Enormous amount of recovery Rs.4,384 million was lying unrecovered reckoning unduly the cumulative losses due to administrative lapses covertly treated as receivables whereas the same stood rendered as grossed up default in warranting prompt recovery thereof even as arrears of land revised against the employees of forest department and other defaulters. Further the gravity of perpetuated encroachment of forest land measuring 24545 acre as per list attached and cumulative raise in un recouped losses borne on Form 11 particularly for the currency of Financial Year warrant prompt remedial action.
- 26.2 Amount worth Rs.209,808 million of the various departments and attached departments was lying in various commercial bank accounts up to 30.06.2021. The amount could not be retained outside provincial consolidated fund whereas, Finance Department stated that a detailed policy relating to Treasury Single Account (TSA) is under process, unutilized amount and interest thereof will be transferred to Account-I.

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