FINANCIAL STATEMENTS

of the

Government of Punjab

2023-24

CONTENTS

PREFACE

I am pleased to present the Financial Statements of the Government of the Punjab for the year ended 30 June, 2024.

The Financial Statements of the Government of the Punjab for the financial year 2023-2024 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 stakeholders' requirements for making informed decisions 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 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 fully 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 Provincial Consolidated Fund and Public Account for which Annual Budget Statement is authorized by the Provincial 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

18 DEC 2024

Islamabad, Pakistan.

Dated:__________________

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, 2024, 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, 2024 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:

a. These financial statements properly present, in all material respects, the financial position of the Government of the Punjab as on 30th June, 2024 and the results of its operations, its cash flow and its expenditure and receipts, by appropriation for the year ended 30th June, 2024 in accordance with the stated accounting policies of Government of the Punjab.

b. 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

I. Consolidated Fund Receipt of Rs.269,899 million and Public Account Receipt of Rs.12,242 million was received through E-Pay (Online) during financial year 2023-24. However, the reconciliation of online E-Pay receipts was not conducted with concerned departments, State Bank of Pakistan, Punjab Information Technology Board (PITB), District Account Offices and Commercial Entities (Banks & Micro Finance Institutions). In the absence of proper guidelines and undefined procedure of E-pay receipts, the Treasury Office Lahore is facing difficulties in preparation of accounts, its reconciliation & refunds. Moreover, online receipts amounting to Rs.9,979 million received through E-Pay were either not recorded or inadequately booked/misclassified into the accounts.

II. A fraudulent payment of Rs.2.330 million was made by District Account Office, Sheikhupura, during the financial year 2023-24, related to the Public Health Engineering Division, Sheikhupura. Further, a total fraudulent payment of Rs.13,122 million was made by District Accounts Office, Sheikhupura, from the financial year 2014-15 to August 2024, in relation to the Public Health Engineering Division, Sheikhupura. Furthermore, there is an overstatement of Rs.14,952 million in the cumulative balances of "Trust Account-Others", as on 30th June 2024, in the Finance Accounts of the Government of the Punjab for 2023-24, due to accumulated net credit balances in the clearing heads for works transactions from FY 2014-15 to 2023-24. Additionally, the "Net Payment of Public Account" figure is understated by Rs.6,139 million in the Statement of Cash Receipts and Payments in the Financial Statements for the financial year ended 30th June 2024 due to net debit balances in the clearing heads for works transactions during FY 2023-24.

III. An expenditure of Rs.11,025 million was incurred in excess/without budgetary allocations during 2023-24, in violation the provisions of Punjab Budget Manual. Admittedly, final figures of the budget Rs.3,444 million pertained to contingencies was posted on SAP R/3 whereas the same was not printed in the budget book, contrary to Chapter 14 of Punjab Budget Manual. Moreover, 99.64% expenditure was reconciled with the departments and remaining expenditures of Rs.12,639 million was not accepted by the departments and remained un-reconciled.

IV. 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. However, the Public Account Receipts of Rs.5,393 million up to 30th June, 2024 were not transferred to Public Account of Government of the Punjab, Account-I in violation of above cited para of APPM.

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.

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

Islamabad, Pakistan
Dated: 19 DEC 2024

GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Financial Year Ended 30th June 2024.

	Note	2023-24 Rupees in Million		2022-23 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					
Taxation - Transfers from Federal Government	8.	2,560,635	-	2,065,150	-
Taxation - Provincial Government's Own Collection	9.	326,494	-	298,000	-
Non-Tax Revenue and Other Receipts					
General Administration Receipts	10.	34,454	-	22,800	-
Economic Services Receipts	11.	63,115	-	54,006	-
Development Surcharge and Royalties	12.	11,965	-	11,483	-
Other Receipts	13.	5,021	-	2,237	-
Interest on Loans and Advances	14.	641	-	751	-
Dividend and Profit Share		21,635	-	2,100	-
		136,832	-	93,377	-
Grants and Aid	15.	16,554	-	22,594	-
Borrowings	16.				
Foreign Debt	16.1	114,336	13,678	103,443	17,875
Domestic Debt		33,785		436,612	
		148,122	13,678	540,055	17,875
Capital Receipts					
Recovery of loans and advances	17.	1,101		3,576	
Recovery of investment		447,555		-	
		448,656	-	3,576	-
Trading Activities and Recoveries	18.	-	-	486,006	-
Receipts of District Government		-	-	-	-
Receipts of District Authorities	19.	5,331	-	3,824	-
TOTAL RECEIPTS		3,642,624	13,678	3,512,582	17,875

GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Financial Year Ended 30th June 2024.

	Note	2023-24 Rupees in Million: Payments Controlled by Provincial Government	2023-24 Rupees in Million: Payments by Third Parties	2022-23 Rupees in Million: Payments Controlled by Provincial Government	2022-23 Rupees in Million: Payments by Third Parties
PAYMENTS					
Operations					
Salaries and employee benefits	20.	878,518		750,910	
Operating expenses		194,269	-	170,694	-
		1,072,787	-	921,604	-
Transfers					
Grants, Subsidies and Write-off of Loans	21.	410,339	12,735	325,135	16,737
Other transfer payments		73,120	944	69,574	1,138
		483,458	13,679	394,709	17,875
Expenditures on					
Physical assets		54,301	-	498,471	-
Civil works		251,478		305,302	
Repairs and Maintenance		69,788		46,113	
		375,568	-	849,886	-
Debt and Interest Payments					
Principal Repayments of Debts	22.	716,833		695,608	
Servicing of Debts	23.	188,911		129,890	
		905,744	-	825,499	-
Other Payments					
Loans and advances - *Non financial institutions*		117,183		27,142	
Investments		7,000		10,500	
		124,183	-	37,642	-
Payments of District Authorities	24.	556,294	-	491,578	-
TOTAL PAYMENTS		3,518,034	13,679	3,520,918	17,875
NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND		124,590	-	(8,336)	-
NET PAYMENT OF PUBLIC ACCOUNT	25.	37,780	-	36,105	-
INCREASE/(DECREASE) IN CASH		162,370	-	27,768	-
CASH AT BEGINNING OF THE YEAR		465,377	-	437,609	-
INCREASE/(DECREASE) IN CASH		162,370	-	27,768	-
CASH AT END OF THE YEAR	26.	627,747	-	465,377	-

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 2024.

	Notes	2023-24 Rupees in Million	2022-23 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES			
Taxation - Transfers from Federal Government	8.	2,560,635	2,065,150
Taxation - Provincial Government's Own Collection	9.	326,494	298,000
Non-Tax Revenue & Other Receipts	10-14.	115,197	91,277
Grants and Aid - Receipts	15.	16,554	22,594
Trading Activities - Receipts	18.	-	486,006
Servicing of Debt - Payments	23.	(188,911)	(129,890)
Transfers - Payments	21.	(483,458)	(394,709)
Operations - Payments	20.	(1,072,787)	(921,604)
Receipts of District Authorities	19.	5,331	3,824
Payments of District Authorities	24.	(556,294)	(491,578)
Cash from Operating Activities		722,761	1,029,069
CASH FLOWS FROM INVESTING ACTIVITIES			
Recovery of Loans and Advances	17.	1,101	3,576
Recovery of Investment		447,555	
Dividend and Profit Share		21,635	2,100
Investments		(7,000)	(10,500)
Expenditure on Physical Assets, Civil Works and Others		(375,568)	(849,886)
Payments of Loans and Advances		(117,183)	(27,142)
Cash used in Investing Activities		(29,459)	(881,852)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Foreign Debt	16.1	114,336	103,443
Receipt of Domestic Debt	16.2	33,785	436,612
Principal Repayments of Debt	22.	(716,833)	(695,608)
Net Receipt/Payment of Public Account	25.	37,780	36,105
Cash from Financing Activities		(530,931)	(119,449)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		162,370	27,768
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		465,377	437,609
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		627,747	465,377

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 Amounts by Function
For the Financial Year Ended 30th June 2024.

	Note	2023-2024 (Rupees in million) Budgeted Amounts Original	Revised	Actual Amounts	2022-2023 (Rupees in million) Budgeted Amounts Original	Revised	Actual Amounts
RECEIPTS							
Revenue							
Taxation		3,099,915	3,004,686	2,887,128	2,357,763	2,395,422	2,363,150
Non-Taxation		231,807	139,893	153,387	163,526	153,864	115,971
Total revenue receipt		3,331,722	3,144,579	3,040,516	2,521,288	2,549,286	2,479,121
Capital							
Domestic Debt		343,350	33,786	33,785	278,000	480,400	436,612
Foreign Debt		157,672	133,643	128,015	152,750	133,457	121,318
Recoveries of Loans and Advances		2,650	2,771	1,101	1,373	3,573	3,576
Recoveries others		645,271	449,306	447,555	272,980	500,857	486,006
Total capital receipt		1,148,944	619,507	610,456	705,103	1,118,287	1,047,511
Receipt of District Government		-	-	-	-	-	-
Receipt of District Authorities		-	-	548,245	-	-	488,072
TOTAL RECEIPTS		4,480,666	3,764,085	4,199,217	3,226,391	3,667,573	4,014,704
PAYMENTS		4,480,666	3,764,085	4,199,217			
Revenue							
General Public Service		1,267,602	1,220,633	1,178,097	1,075,113	1,016,613	997,023
Public Order and Safety Affairs		246,913	287,018	281,112	214,341	234,612	232,241
Economic Affairs		272,246	215,324	204,016	197,577	202,022	192,358
Environment Protection		5,299	4,935	3,713	5,332	3,103	2,946
Housing and Community Amenities		126,532	151,890	127,032	61,767	128,821	117,089
Health Affairs and Services		305,317	338,193	324,643	352,375	277,525	268,205
Recreation, Culture and Religion		11,426	11,502	9,532	14,109	9,553	9,227
Education Affairs and Services		169,304	145,435	139,731	137,390	121,525	118,195
Social Protection		25,687	30,856	30,392	20,855	36,384	34,178
Total revenue payment		2,430,327	2,405,787	2,298,268	2,078,859	2,030,157	1,971,462
Capital							
General Public Service		1,113,552	846,491	841,016	325,108	735,216	733,250
Economic Affairs		811,787	396,572	379,050	697,424	880,556	826,751
Housing and Community Amenities		-	-	-	-	-	-
Social Protection		-			-		
Total capital payments		1,925,339	1,243,063	1,220,066	1,022,532	1,615,772	1,560,001
Payments of District Governments		-	-		-	-	-
Payments of District Authorities		676,783	611,819	556,294	577,646	535,408	491,578
TOTAL PAYMENTS		5,032,449	4,260,668	4,074,627	3,679,037	4,181,336	4,023,042

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 2024.

Departments	Note	2023-2024 (Rupees in million) Budgeted Amounts Original	Budgeted Amounts Revised	Actual Amounts	2022-2023 (Rupees in million) Budgeted Amounts Original	Budgeted Amounts Revised	Actual Amounts
Agriculture Department		76,570	48,805	44,935	52,453	44,502	42,084
Chief Minister Inspection Team		160	208	189	131	198	192
Chief Minister Secretariat		1,030	1,482	1,478	806	1,388	1,373
Board of Revenue							
Co-Operatives		2,304	2,186	1,808	1,757	1,725	1,575
Communication and Works		324,021	291,790	277,441	311,096	314,243	309,667
Energy Development		27,507	26,550	25,910	5,550	6,363	6,111
Environment Protection		5,465	5,056	3,834	5,451	3,400	3,050
Excise and Taxation Department		3,557	3,712	3,292	2,500	3,112	3,054
Food Department		1,264,000	733,008	732,463	563,210	1,211,267	1,160,869
Finance Department		1,388,528	1,248,565	1,219,188	1,035,463	1,016,922	1,014,184
Forest Department		9,075	8,781	8,322	9,145	7,868	7,589
Forestry, Wildlife & Fisheries		6,212	5,255	4,902	7,575	3,980	3,731
Governor's Secretariat		751	777	770	589	690	686
Health		301,178	334,871	322,062	349,068	272,607	263,948
Higher Education		74,060	64,352	54,961	58,273	55,787	48,994
Home Department		196,474	238,511	233,552	175,332	193,035	191,610
Housing and Physical Planning Department		92,089	104,032	100,257	41,133	89,626	88,331
Industries Department		24,846	19,343	17,953	23,520	22,550	21,727
Information Technology		-	-	-			
Information, Culture & Youth Affairs		10,211	10,166	8,321	13,142	9,342	9,126
Irrigation and Power		52,046	62,605	57,711	53,325	50,122	46,194
Labour		1,814	1,132	1,023	1,860	1,053	940
Law and Parliamentary Affairs		4,619	3,681	3,374	3,497	3,834	2,840
Literacy & Non Formal Basic Education		3,779	3,470	3,329	3,595	1,024	1,007
Live Stock and Dairy Development		20,166	16,313	15,962	17,565	19,130	18,887
Local Government And Rural Development		61,457	82,498	60,285	36,383	58,282	47,973
Management & Professional Development		378	363	356	266	264	262
Mines & Minerals Department		1,712	1,176	990	1,818	799	793
Planning & Development		76,901	47,774	37,441	133,453	43,443	33,793
Population Welfare		12,720	10,335	9,726	9,791	10,445	9,534
Provincial Assembly		4,928	3,318	2,913	3,688	3,494	3,321
Relief		16,169	15,794	15,522	12,176	23,939	21,915
Religious Affairs & Auqaf Department		1,641	550	327	1,218	348	314
Revenue		111,481	89,127	82,418	18,268	21,929	17,899
Service & General Administration Department		61,123	58,094	56,414	46,778	50,925	48,422
School Education		82,755	70,612	75,370	68,631	58,150	62,512
Social Welfare Department		4,285	3,762	3,586	3,734	3,510	3,413
Special Education		588	500	481	483	434	393
Transport		28,030	28,733	27,948	27,658	34,235	31,242
Women Development Department		561	411	359	618	465	442
Zakat and Ushr Department		476	1,217	1,158	392	1,501	1,469
		4,355,666	3,648,915	3,518,333	3,101,391	3,645,928	3,531,464
Payments of District Governments							
Payments of District Authorities		676,783	611,819	556,294	577,646	535,408	491,578
TOTAL PAYMENTS		5,032,449	4,260,734	4,074,627	3,679,037	4,181,336	4,023,042

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 2024.

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 2024.

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

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 2023-24 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 2023-24. (from 1st July, 2023 to 30th June, 2024).

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:

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.

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 form 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.

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.

	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000
8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT			
Direct Taxes			
Income Tax		1,205,710	939,497
Wealth Tax		-	-
Capital Value Tax		4,276	1,903
		1,209,986	941,400
Indirect Taxes			
Sales Tax		877,920	749,727
Custom Duty		313,190	270,151
Federal Excise		159,539	103,872
		1,350,648	1,123,750
		2,560,635	2,065,150
9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION			
Direct Taxes			
Income Tax - Agriculture		3,567	2,319
Property Tax		3,807	6,058
Land Revenue		20,962	19,246
Tax on profession, Trade and Callings		1,221	1,140
Others		18	47
		29,575	28,810
Indirect Taxes			
Receipts Under Motor Vehicles Act		20,306	18,650
Stamp Duties		42,029	46,467
Provincial Excise		4,058	2,620
Others		230,527	201,453
		296,919	269,190
		326,494	298,000

9.1 The UIP (Urban Immovable Property) share amounting to Rs. 15,034 million was processed through a deduct receipt under head B01302-Share of Net Proceed assigned to District/TMAs, meant for Municipal Committees and Tehsil Municipal Authorities. These payments were made through a deduct receipt against a nil receipt under head B01302, compromises the accounting standards and financial regulations laid down in para 4.3.7.1 of APPM.

10. GENERAL ADMINISTRATION RECEIPTS

	2023-24	2022-23
Organs of State	390	307
Fiscal Administration	2,448	2,098
Economic Regulations	248	235
Law and Order	14,414	6,528
Community Services	3,435	3,100
Social Services	13,520	10,533
	34,454	22,800

10.1 Consolidated Fund Receipt of Rs.269,899 million and Public Account Receipt of Rs.12,242 million was received through E-Pay (Online) during financial year 2023-24. However, the reconciliation of online E-Pay receipts was not conducted with concerned departments, State Bank of Pakistan, Punjab Information Technology Board (PITB), District Account Offices and Commercial Entities (Banks & Micro Finance Institutions). In the absence of proper guidelines and undefined procedure of E-pay receipts, the Treasury Office Lahore is facing difficulties in preparation of accounts, its reconciliation & refunds. Moreover, online receipts amounting to Rs.9,979 million received through E-Pay were either not recorded or inadequately booked/misclassified into the accounts.

	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000
11. ECONOMIC SERVICES RECEIPTS			
Food and Agriculture		3,006	2,581
Fisheries and Animal Husbandry		2,038	1,876
Forest		823	854
Cooperation, Irrigation, Embankment-Drainage		4,812	4,459
Others		52,437	44,236
		63,115	54,006

11.1 Consolidated Fund Receipts of Government of the Punjab own collection Rs. 911,982 million were entered into the SAP system without assigning them to a specific Cost Center or department. This lack of proper categorization raises serious concerns about the authenticity and integrity of the financial records. Moreover, 99.70% receipt was reconciled with the departments and remaining receipt of Rs 10,530 million was remained un-reconciled.

12. DEVELOPMENT SURCHARGE AND ROYALTIES

	Note	2023-24	2022-23
Development Surcharge on Gas	*12.1*	1,262	584
Royalty on Crude Oil	*12.2*	8,308	8,891
Royalty on Natural Gas	*12.2*	2,395	2,008
Net Hydel Profit from Hydro-Electric Stations	*12.3*	-	-
		11,965	11,483

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.

13. OTHER RECEIPTS

	2023-24	2022-23
Sale of Other Government Assets	3	10
Sale of Land	1,535	285
Fees, Fines and Forfeitures	660	498
Sale and Rent of Urban property and Agriculture land	2,794	1,424
Others	29	22
	5,021	2,237

14. INTEREST ON LOANS AND ADVANCES

	2023-24	2022-23
Interest on Loans and Advances to Govt. Servants	-	-
Loans and Advances - Others	641	751
	641	751

	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000
15. GRANTS AND AIDS			
Foreign Grants through Federal Government		3,242	4,570
Federal Government Grants	15.1	13,312	18,024
Grants from District Governments		-	-
		16,554	22,594
15.1 FEDERAL GOVERNMENTS GRANTS			
Development		10,159	15,127
Non- Development		3,153	2,897
		13,312	18,024

16 BORROWINGS

16.1 FORIGEN DEBT - RECEIPTS

	2023-24	2022-23
Loan (Cash)		
Asian Development Bank	15,451	6,870
International Bank for Reconstruction and Development	19,064	44,377
International Development Association - World Bank	76,614	49,206
International Fund for Agricultural Development	3,168	2,915
French Loan - CPK - 1047		75
AIIB-P0074	39	
	114,336	103,443
Loan (Direct Payment)		
Asian Development Bank	11,005	7,154
Exim Bank,China	2,024	10,563
International Development Association - World Bank	44	86
Asian Infrastructure Investment Bank AIIB-P0074A	180	-
French Development Agency (AFD) AF CPK-1038-PAK	134	-
CPK-1047-K	291	-
JBIC Japan Bank for International Cooperation	-	71
	13,678	17,875
	128,015	121,318

16.2 DOMESTIC DEBT - RECEIPTS

	2023-24	2022-23
Permanent Debt	-	-
Floating Debt	33,785	436,612
	33,785	436,612

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

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2024.

	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000

16.2.2 Cumulative outstanding debt for commodity operations as of 30th June, 2024, in Punjab was Rs. 117,741million under head E03202- Cash Credit Accommodation Account-II. In this regard, markup paid on the outstanding debt was Rs.113,000 million under Grant PC13033 as Interest Payment during 2023-24 which had increased 30% as compared to previous financial year 2022-23 interest payment cost of Rs.86,739 million.

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 SBP 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.325,073 million were shown outstanding during 2023-24. The zero balance against adjustment of ways & means advances was not ensured.

16.2.4 Negative closing balances of Rs. 318,463 million were appearing in Annexure-2 of Finance Accounts (Foreign Loans) indicating excess amount involved in meeting the repayment liability.

16.2.5 A total payment of Rs.69,975 million is pending with Federal Government as Net Hydel Profit (NHP) share as on 30.06.2024.

16.2.6 An expenditure of Rs. 123,930 million was incurred during the financial year 2023-24 under LQ4388-Directorate of Food under Grant PC13033-State Trading in Food Grains & Sugar (Voted) & PC16033- State Trading in Food Grains & Sugar (Charged). The expenditure, however, was required to be reversed against the sales of wheat under head E01202-Provincial and E01203-Others. The account did not reflect the necessary reversal.

17. RECOVERY OF LOANS AND ADVANCES

	2023-24	2022-23
Non-Financial Institution	1,000	3,493
Government Servants	92	67
Others	9	16
	1,101	3,576

18. TRADING ACTIVITIES AND RECOVERIES

	2023-24	2022-23
Sale of wheat	-	486,006
	-	486,006

19. RECEIPTS OF DISTRICT AUTHORITIES

19.1 EDUCATION AUTHORITIES

	2023-24	2022-23
Direct Taxes	3	2
Indirect Taxes	1	2
Receipts from civil Administration and Other Functions	3,528	2,489
Miscellaneous Receipts	421,766	369,262
Recoveries of Loans and Advances	-	-
	425,298	371,755
Less: Grants from Provincial Government - Punjab	(421,441)	(369,156)
	3,857	2,599

19.2 HEALTH AUTHORITIES

	2023-24	2022-23
Direct Taxes	0	(0)
Indirect Taxes	16	1
Receipts from civil Administration and Other Functions	1,452	1,213
Miscellaneous Receipts	121,479	115,104
Recoveries of Loans and Advances	0	0
	122,947	116,318
Less: Grants from Provincial Government - Punjab	(121,473)	(115,092)
	1,474	1,226
	5,331	3,824

	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000
20. SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		92,219	83,876
Pay of Other Staff		151,958	150,217
Allowances		249,390	184,002
Retirement Benefits		384,951	332,816
		878,518	750,910

	Note	2023-24	2022-23
21. GRANTS, SUBSIDIES AND WRITE OFF OF LOANS			
Grants, Subsidies and write-off of Loans		965,988	826,120
Less: Transfers to District Governments	21.1	-	-
Less: Transfers to District Authorities	21.2	(542,914)	(484,248)
		423,074	341,872

21.1 Provincial Grants and subsidies amounting to Rs. 965,888 million (2022-23: Rs. 826,120 million) have been reduced by eliminating the transfers made to district authorities amounting to Rs.(542,914) 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.11,025 million was incurred in excess/without budgetary allocations during 2023-24, in violation of the provisions of Punjab Budget Manual. Admittedly, final figures of the budget Rs. 3,444 million pertained to contingencies was posted on SAP R/3 whereas the same was not printed in the budget book, contrary to Chapter 14 of Punjab Budget Manual. Moreover, 99.64% expenditure was reconciled with the departments and remaining expenditures of Rs.12,639 million was not accepted by the departments and remained un-reconciled.

21.3 Loans amounting to Rs. 352,875 million were not recovered from Public Sector Companies including waste management companies, Corporate Bodies and Development Authorities, . Moreover, Loans & Advances already paid were not recovered yet further loans amounting to Rs. 48,387 million were granted during the financial year 2023-24. Declaration of debts as bad debts could not be ruled out. The Financial Statement was thus hit by breach of adequate disclosure.

21.4 Expenditure of Rs. 556,294 million was transferred from Provincial Account-I to District Health Authorities Rs.131,553 million and District Education Authorities Rs.424,941 million during 2023-24 without obtaining the requisite approval from the Interim Committee / Provincial Finance Commission. No subsequent PFC awards have been endorsed by the Parliament.

	Note	2023-24	2022-23
22. PRINCIPAL REPAYMENTS OF DEBT			
Foreign Debt		112,994	83,467
Domestic Debt	22.1	603,839	612,141
		716,833	695,608
22.1 DOMESTIC DEBT			
Permanent Debt		244,981	1,088
Floating Debt		358,858	611,053
		603,839	612,141

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
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	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000
23. SERVICING OF DEBT			
Domestic Debt		142,478	99,832
Foreign Debt		46,433	30,058
		188,911	129,890
24. PAYMENTS DISTRICT AUTHORITIES			
Education Authorities Expenditure	*24.1*	424,941	373,474
Health Authorities Expenditure	*24.2*	131,353	118,104
		556,294	491,578
24.1 EDUCATION AUTHORITIES EXPENDITURE			
Receartional ,Culture and Religion		0	0
Education Affairs and Services		424,941	373,474
		424,941	373,474
24.2 HEALTH AUTHORITIES EXPENDITURE			
Economic Affairs		1	-
Health Affairs and Services		129,335	117,791
Education Affairs and Services		2,016	312
		131,353	118,104
25. NET RECEIPT/ (PAYMENT) OF PUBLIC ACCOUNT			
RECEIPTS			
Trust and Other Public Accounts		3,928,962	3,302,960
Special Deposits		144,502	108,257
State Provident Fund		74,359	51,210
		4,147,823	3,462,428
PAYMENTS			
Trust and Other Public Accounts		3,920,831	3,289,573
Special Deposits		144,497	99,170
State Provident Fund		44,715	37,580
		4,110,043	3,426,323
	25	37,780	36,105

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. However, the Public Account Receipts of Rs.5,393 million up to 30th June, 2024 were not transferred to Public Account of Government of the Punjab. Account-I in violation of above cited para of APPM.

25.3 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.2,200million up to 30th June, 2024. This caused unauthorized charging of payments as well as understatement of Public Account.

25.4 Established recovery of Punjab Forest Department amounting to Rs. 4,989 million was lying unrecovered as borne on Form-11 statement and the same exhibited dues accumulated, not being pursued for prompt recovery as arrear of Land Revenue.

25.5 Un-spent balance of Rs. 2,595million under head G11218-Forest Deposit against Replenishment cost, were not accounted far against specifically earmarked projects up to 30thJune 2024. 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.

	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000

25.6 A fraudulent payment of Rs 2,330 million was made by District Account Office, Sheikhupura, during the financial year 2023-24, related to the Public Health Engineering Division, Sheikhupura. Further, a total fraudulent payment of Rs.13,122 million was made by District Accounts Office, Sheikhupura, from the financial year 2014-15 to August 2024, in relation to the Public Health Engineering Division, Sheikhupura. Furthermore, there is an overstatement of Rs.14,952 million in the cumulative balances of "Trust Account-Others", as on 30th June 2024, in the Finance Accounts of the Government of the Punjab for 2023-24, due to accumulated net credit balances in the clearing heads for works transactions from FY 2014-15 to 2023-24. Additionally, the "Net Payment of Public Account" figure is understated by Rs.6,139 million in the Statement of Cash Receipts and Payments in the Financial Statements for the financial year ended 30th June 2024 due to net debit balances in the clearing heads for works transactions during FY 2023-24.

25.7 Several Public Account heads have remained non-operative from the last five years. These heads of account showed the credit balance of Rs. 114,726 million and a debit balance of Rs. 108,443 million suggesting potential misclassification. This situation, highlighting vulnerabilities in the financial management system that could lead to misuse of Public Accounts funds.

25.8 The assets purchased and owned by the government of the Punjab Rs. 2,874,709 million were not recorded and reported in annual accounts as per requirement of APPM due to non-functioning of Assets Module in SAP. The same were booked against relevant budgetary grants in SAP system and reported as such in the Accounts.

26. CASH AND BANK

	Note	2023-24	2022-23
Provincial Government Balance		621,777	450,672
District Government Balance	26.1	(9,941)	(9,941)
District Authorities Balance		15,911	24,645
	26.2	627,747	465,377

26.1 A sum Rs. 44,373 million was reported to be lying in various commercial bank accounts belonging to different departments, attached bodies, and autonomous entities as of February 13, 2024. This situation raises concerns, particularly as it contradicts Article 118 of the Constitution, which mandates responsible fiscal management. The Finance Department has previously issued directives (letters dated February 1, 2024, and June 9, 2023) emphasizing the necessity for all provincial entities to provide comprehensive disclosures about public funds and accrued profits held in commercial accounts. These disclosures are critical for the Annual Budget preparation and facilitate essential reconciliation processes. Moreover, the Finance Department has instructed that any profits accrued must be promptly deposited into the Punjab Consolidated Fund, with detailed notifications regarding the bank accounts involved. Further, updated details regarding the funds in commercial banks was lacking, and a profit amounting to Rs. 2,845,364,605, accrued up to December 31, 2023, remains unreported and un-deposited into the Consolidated Fund.

27. PROVINCIAL, DISTRICT GOVERNMENTS' & DISTRICT AUTHORITIES BALANCES

	Note	2023-24	2022-23
Consolidated Fund Balance		206,969	206,969
Public Account Balance		258,408	258,408
		465,377	465,377

28. ASSETS AND LIABILITIES

	Note	2023-24	2022-23
ASSETS			
Long Term Assets		2,874,709	2,495,658
Loans and Advances		194,941	275,415
Current Assets		26,630	35,785
Cash & Bank and Treasuries		627,747	465,377
	27.1	3,724,027	3,272,234
LIABILITIES & EQUITY			
Public Debt		365,231	676,264
Special Deposits		97,448	98,404
Trust Account		215,965	176,785
Current Liabilities		58,908	60,345
Residual Equity		2,986,475	2,260,438
	27.1	3,724,027	3,272,234

	Note	2023-24 Rupees in million '000,000	2022-23 Rupees in million '000,000

28.1 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.

29. 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 department being presented in Appropriation Accounts.

	Note	2023-24	2022-23
RECEIPTS			
ACTUAL RECEIPTS IN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL			
Amounts by Function		4,199,217	4,014,704
Less: Grants from Provincial Government	22	(542,914)	(484,248)
Less:Payments by third parties	16.1	(13,678)	(17,875)
Actual receipts in Statement of Cash Receipts and Payments		3,642,624	3,512,581
PAYMENTS			
ACTUAL RECEIPTS IN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL			
Amounts by Function and Actual Expenditure by Department		4,074,627	4,023,042
Less: Transfers to District Government & Authorities	22	(542,914)	(484,248)
Less:Payments by Third Parties	16.1	(13,678)	(17,875)
Actual payments in Statement of Cash Receipts and Payments		3,518,034	3,520,918

30. 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 19 DEC 2024

31. GENERAL

31.1 LEVEL OF PRECISION

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

31.2 CORRESPONDING FIGURES

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

Accountant General (Punjab)

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 SBP 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.

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.

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. 3,769 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 21.04.2022 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 disclosures.

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.[illegible] 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).

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 (ADP)" amounting to Rs.67,845 million 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 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.

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

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.

26.1 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.

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