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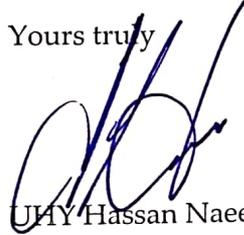
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PUNJAB INSTITUTE OF MENTAL HEALTH (PIMH)
THIRD PARTY AUDIT OF ACCOUNTS FOR FINANCIAL YEAR 2022-2023

Dear Ma'am,

In reference to the award letter 25914/PIMH dated September 13, 2023; a third-party audit of PIMH accounts (FY 2022-2023) was performed and our final report thereon is enclosed.

Yours truly



UHY Hassan Naeem & Co.
Chartered Accountants

Encl:

- i. *Final Report on Third-Party Audit (TPA) of PIMH Accounts*
- ii. *Invoice*

PUNJAB INSTITUTE OF MENTAL HEALTH

REPORT

ON THIRD PARTY AUDIT OF ACCOUNTS FOR THE YEAR
ENDED 30TH JUNE, 2023

Punjab Institute of Mental Health

Consultancy Services for Third Party
Audit (TPA) of Accounts

Period: For the Year ended 30th June, 2023

UHY

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Disclaimer

The Findings in this report are based on observations noted during the consultancy services for third party validation of accounts of the Punjab Institute of Mental Health, Lahore for the financial year 2022-2023 based on data/ information provided by the Institute's management.

The report is prepared on the basis that it is solely for the use of the Punjab Institute of Mental Health. Any person who is not an addressee of this report or who has not requested UHY Hassan Naeem & Co. Chartered Accountants for its use, is not authorized to use this report. Should any unauthorized person(s) use(s) and read(s) this report, such person accepts and agrees to the following terms:

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2. The reader of this report acknowledges that this report was prepared at the direction of our client and may not include all procedures deemed necessary for the purposes of the reader.
3. The reader agrees that UHY Hassan Naeem & Co. Chartered Accountants, its owners, partners, employees and agents neither owe nor accept any duty or responsibility to it, whether in 'contract' or in 'tort' (including without limitation, negligence and breach of statutory duty), and shall not be liable in respect of any loss, damage or expense of whatsoever nature which is caused by any use the reader may choose to make of this report, or which is otherwise consequent upon the gaining of access to the report by the reader.

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The Findings detailed in this report are not exhaustive and further observations may be noted in due course depending on the available data/ information and the nature of procedures applied.



Acronyms

AG	Accountant General
AGP	Accounting General of Pakistan
AGPR	Accountant General Pakistan Revenues
APO	Accounting Principal Officer
APPM	Accounting Policies and Procedures Manual
AMS	Additional Medical Superintendent
BOM	Board of Management
DMS	Deputy Medical Superintendent
ED	Executive Director
MAP	Manual of Accounting Principle
NAM	New Accounting Model
PFR	Punjab Financial Rules
PIMH	Punjab Institute of Mental Health
SHC&MC	Specialized Healthcare & Medical Education
TPA	Third Party Audit
TPV	Third Party Validation

1 Introduction

The Punjab Institute of Mental Health, situated in Lahore, is a unique Institute in Pakistan and the largest psychiatric facility in South Asia. Spanning over 50 acres of land, it boasts 1,530 beds and is surrounded by lush green lawns and abundant greenery around the wards.

This institute serves patients not only from the Punjab region but also from neighboring provinces, including Azad Jammu and Kashmir. On a daily basis, it caters to around 700 to 800 patients in its outpatient department.

The primary goal of the PIMH is to provide cutting-edge healthcare services to individuals with mental illnesses and to promote mental well-being within the community. The aim is to enable these individuals to integrate into society, making them valuable and productive members of both their families and the broader community.

Our firm, UHY Hassan Naeem and Co. Chartered Accountants, was awarded a contract as per letter number 25914-PIMH dated September 13, 2023. Under this contract, we conducted an annual third-party audit of PIMH's financial accounts. This third party audit involved a comprehensive examination of financial statements and the issuance of an audit report containing our professional opinion.

Additionally, please note that this report is limited to discussions and data available up to October 12, 2023.

UHY Hassan Naeem & Co.
October 20, 2023



2 Definitions

Impact: The impact is an estimate of the harm that could be caused by an event.

Likelihood: Likelihood is how probable it is that an event will occur

Sampling: Sampling is the application of auditing procedures to a representative group of less than 100% of the items within a homogeneous population for the purpose of evaluating the population.

Risk: Risk is the chance of negative outcomes or consequences resulting from uncertain events or actions.

Accuracy: Accuracy is the measure of how close a value, measurement, or information is to its true or intended value, reflecting the absence of significant errors or discrepancies.

Completeness: Completeness refers to the extent to which all necessary or expected information, elements, or components are present and accounted for, leaving no significant gaps or omissions.

Transparency: Transparency is the quality of openness, clarity, and accessibility in the disclosure of information, processes, or actions, allowing for easy understanding and scrutiny by stakeholders.

Control: Control refers to the measures, mechanisms, or procedures implemented to manage and regulate activities, processes, or systems, ensuring they align with desired objectives and comply with established guidelines or standards.

Misappropriation: Misappropriation refers to the wrongful or unauthorized use or appropriation of funds, assets, or resources belonging to an individual, organization, or entity for personal gain, benefit, or purposes other than the intended use. It often involves embezzlement, theft, or fraudulent activities, leading to financial losses and breaches of trust.

Compliance: Compliance is the adherence to laws, regulations, policies, or standards, ensuring that actions and operations are conducted in accordance with established rules and requirements.

3 Scope of Work

As per the directions of Government of the Punjab, SHC & ME Department, Lahore, the Punjab Institute of Mental Health was required to conduct third party validation of accounts. In continuance of this, our firm has been appointed as consultants for TPA of accounts of PIMH for the financial year 2022-2023 covering the following mandatory areas:

1. Verification of Assets and Liabilities of the Institute
2. Verification of Income and Expenditure of the Institute
3. Procedure followed by the Institute for utilization of the financial resources
4. Verification of financial resources utilized by Institute
5. Reporting major financial violations
6. Reporting minor financial violations
7. Recommendations to strengthen the financial control

Assets and Liabilities

Assets are economic resources owned or controlled by an entity, such as an individual or a business, that have measurable value and the potential to provide future economic benefits. The Institute maintained the fixed asset register of land & building, civil work, plant & machinery, vehicles, furniture & fixtures, office equipment and computer equipment in proper manner with information of asset, description, classification, date of purchase, purchase amount and location.

A liability is a financial obligation or debt that Institute owes to another party, typically as a result of past transactions or events that result in future sacrifices of economic benefit of Institute. The Institute maintained the liability register of supplier from which service benefits have already been taken.

Income and Expenditure

Income is the revenue received by the PIMH Institute through various channels such as Admission Fees, Laboratory Tests, Tender Fees, and other recoveries. This income is documented as cash received and is not immediately utilized by the Institute. Instead, it is deposited into a Personal Ledger Account (PLA) at the National Bank of Pakistan. We have confirmed the accuracy of this income by conducting detailed tests and obtaining 32-A challans as evidence of the Institute's deposits into the PLA. In terms of expenses, we have also conducted detailed tests on significant amounts and sampled voucher verification. Notably, expenditures are made using checks received from the A.G. Office.

Procedures followed by the Institute for utilization of financial resources

The PIMH follows cash basis of accounting. The receipts are recorded on the date of receipt of money in cash. The payments are recorded on the date when payment is made or cheque is issued by A.G. Office. The payment's association with a specific financial year is determined by the date when the A.G. Office issues a cheque or

payment advice. The Institute prepares an annual budget to plan how it will use its financial resources throughout the year. Some key areas where the Institute allocates a significant portion of its financial resources are as follows:

- **Clinical Services**

The clinical services, including the provision of free drugs and medicines, such as Radiology, Pathology, and Psychology, are provided to both indoor and outdoor patients.

- **Salaries**

Salaries are paid to the employees who render their services to the Institute.

- **Diet Charges**

The Institute provides meals to the patients three times a day without any charges.

- **Outsource services**

The Institute has procured services pertaining to both security and janitorial needs.

Output of Institute against utilization of financial resources

The institute outcomes can be categorized into two sets: performance outcomes, which assess the hospital's effectiveness in enhancing patient well-being and the volume of patients treated, and budget outcomes, which evaluate the hospital's financial resources utilization in alignment with the approved budget.

Major financial violations

A major financial violation occurs when there is a failure to adhere to relevant laws, which can lead to the potential misuse of financial assets. We categorize such violations as high-risk.

Minor financial violations

A minor financial violation pertains to non-compliance with established procedures and internal control protocols. We classify these violations as low-risk.

Recommendations to strengthen the financial control

We have considered a range of observations made during the audit, encompassing both major and minor PIMH violations. In our pursuit of best practices to prevent such breaches and improve the efficiency of the internal control system, we propose strengthening financial controls for both significant and minor financial infractions.



Procedures followed by Institute for utilization of financial resources

The PIMH is overseen by Board of Management (BOM), the Executive Director (ED) is the secretary of the said board with complete control of the activities performed under the premise of Institute. The team of ED consist of 5 Additional Medical Superintendents (AMS) & 1 Deputy Medical Superintendent (DMS) who are head of department in their respective departments. The following departments are working under his authority.

- **Clinical Department**

The Institute is providing free of cost medical services to indoor/outdoor patients. The services include OPD, X-ray, Ultrasound, Electro encephalogram (EEG), Electro cardiogram (ECG), Electroconvulsive therapy (ECT), Dental tests and other services. The Institute used its financial resources against such services by purchasing drugs & medicines amounting to Rs. 112,456,723/- and other related expenses such as salaries along with allowances to doctors and paramedical staff, bedding and clothing amounting to Rs. 23,841,292/-, X-ray film, Janitorial & Security services and utility expenses.

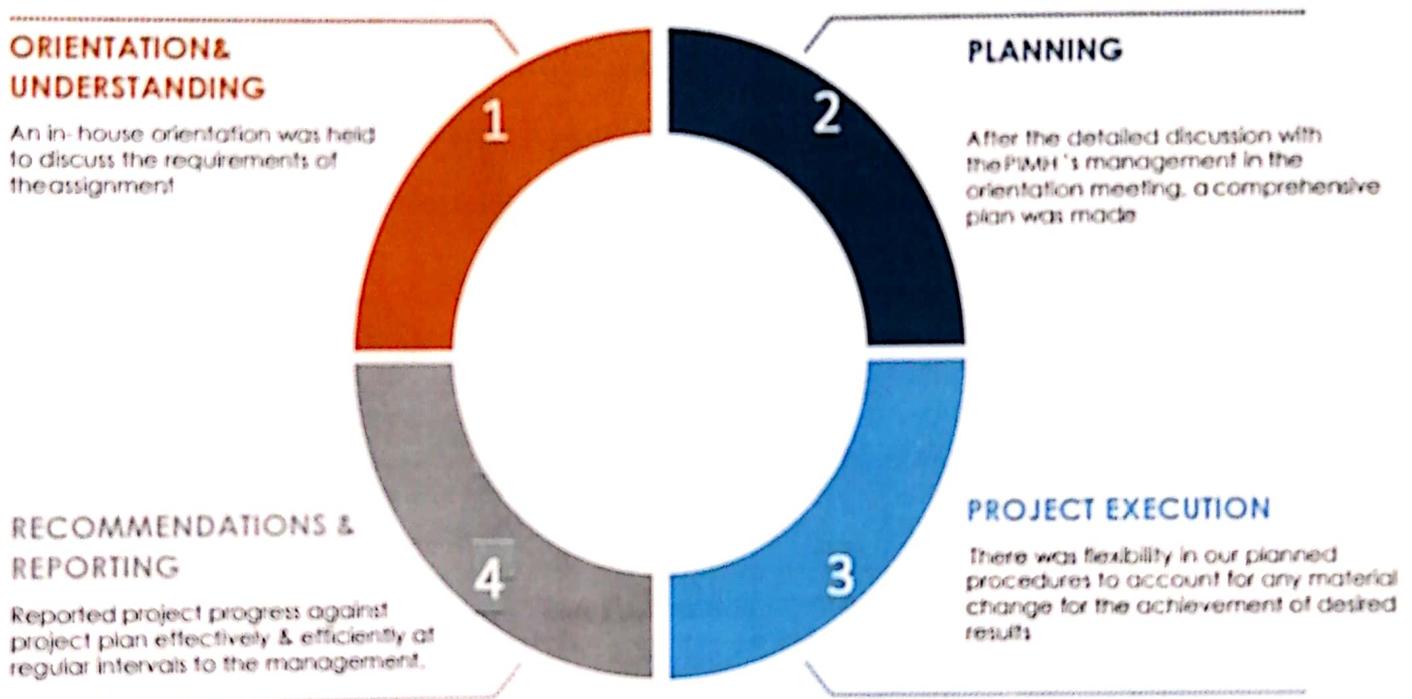
- **Administrative Department**

The administrative department is responsible for handling matters related to procurement cells, accounts and finance, human resource management and other supporting activities. The following expense process are channeled through this department.

4 Approach & Methodology

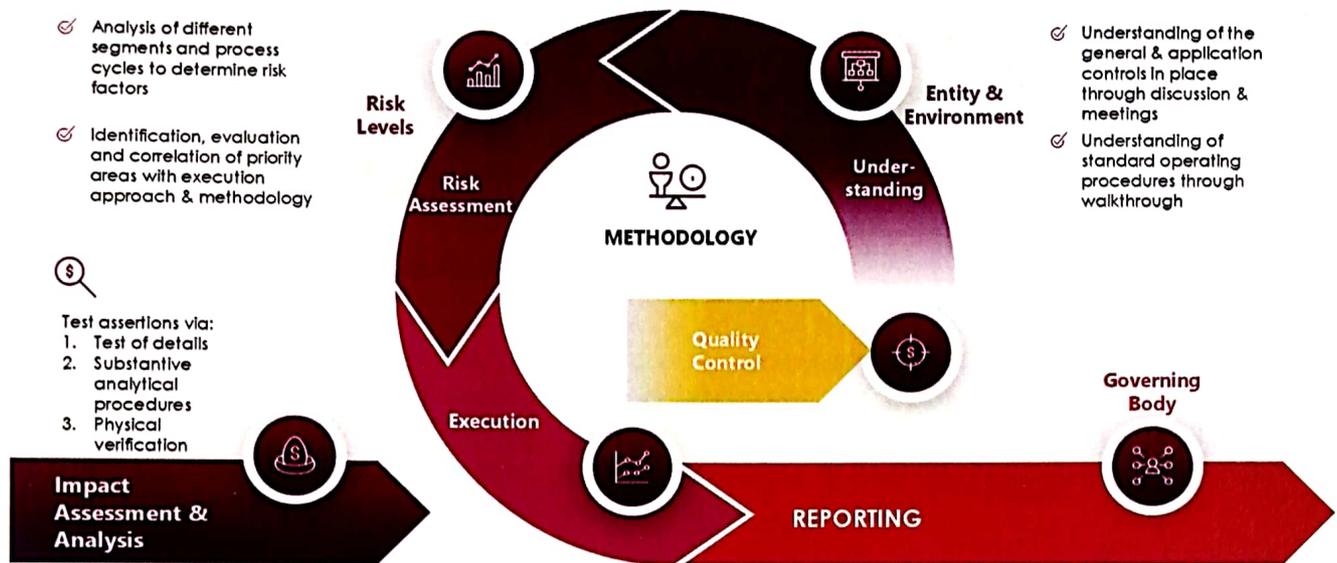
4.1 Approach

The Project approach refers to a strategy or roadmap which was adopted for the assignment. We followed a phased approach to carry out the assignment as explained below:



4.2 Methodology

The process is comprised of five main stages: understanding, risk assessment, execution and reporting. The framework also recognizes that effective client communication is essential to the success of TPA of accounts and therefore, is an important element embedded in each stage of the process.

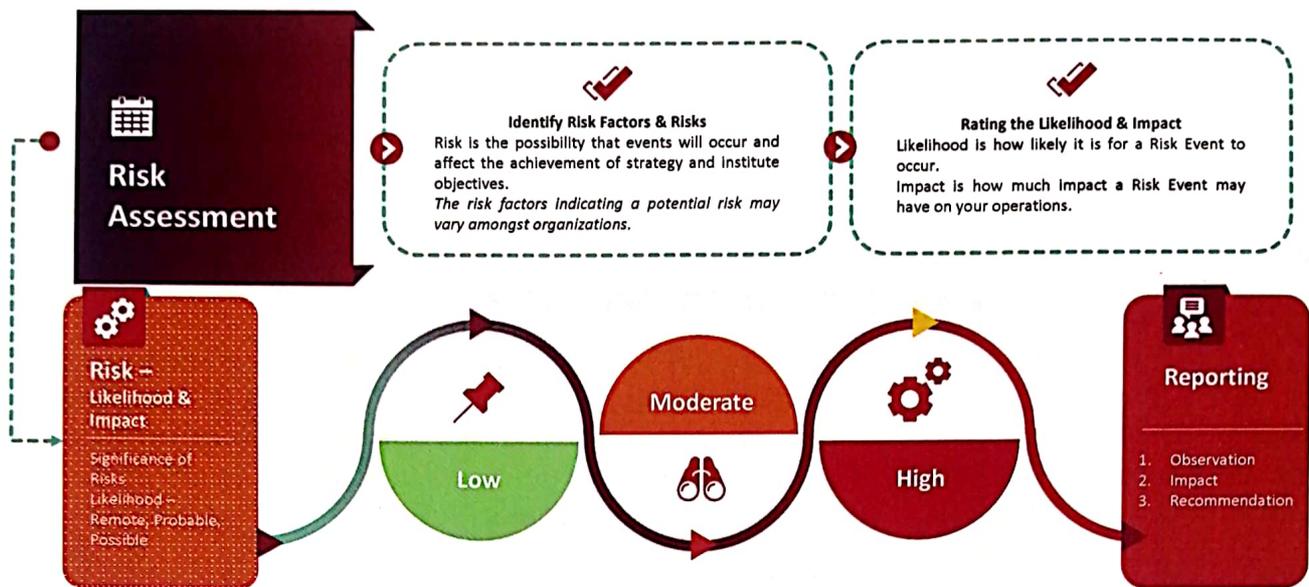


Understanding

This phase involves the understanding of the entity, its environment, and the general and application controls in place for management & operations. Furthermore, this involved review of policy and procedures in place for performance of certain processes/ functions.

Risk Assessment

The risk assessment process incorporates two measures that determine the risk level – likelihood of occurrence and significance of impact. Likelihood represents the possibility that a given risk will occur, while impact represents its effect.



This initial risk analysis identifies specific areas, processes or activities that present the highest risks and forms the basis of the assignment. To determine the risk level and direction, each risk is subjectively evaluated based on its impact on the Institute's strategies and whether risk is increasing, decreasing or stable, based on the Institute's current and anticipated environment.

Likelihood		Impact	
Likely	Conditions within the environment indicate that an event could occur in the immediate future	Higher	Serious impact on operations, reputation, earnings, or stakeholder value
Possible	Conditions within the environment indicate that an event could occur in the short-term future	Medium	Significant impact on operations, reputation, earnings or stakeholder value
Remote	Conditions within the environment indicate that an event could occur in the long-term future	Lower	Less significant impact on operations, reputation, earnings or stakeholder value

Based on the assessment of likelihood and impact, an overall risk rating is assigned. This assessment is made prior to consideration of the strength of internal controls, risk monitoring activities, or processes surrounding the risk area. Overall risk assessment ratings help prioritize the risks. Higher risk areas require more immediate attention by the management – either in the form of TPV of accounts, management attention, or other risk monitoring activities.

Identified risk or issue represents the following risk rating combinations for likelihood and impact:

Higher risk	Likely and High	Likely and Medium	Possible and High
Moderate risk	Likely and Low	Possible and Medium	Remote and High
Lower risk	Possible and Low	Remote and Low	Remote and Medium

Execution

In line with the understanding and risk assessment phases, the execution is carried out as follows:

A combination of different procedures (test of details and test of controls) is applied to verify different assertions. The results are then compiled to aggregate the findings and provide suitable recommendations.

The applied testing techniques can be classified as follows: inquiry, observation, examination of evidence, and re-performance. We have utilized a combination of these techniques to obtain evidence. These procedures may be used to identify and assess risks, or serve as an evaluation of controls, depending on the context in which they are applied. The testing technique selected depends on the degree of assurance required by us.

A combination of the following testing techniques has been applied:

- i. Inquiry
- ii. Observation
- iii. Examination
- iv. Walk-through
- v. Re-performance
- vi. Re-calculation

We apply the mentioned testing techniques to a sample of transactions, which we select using our professional judgment. The sampling approach is, however, risk based and involves selective selection along with overall haphazard selection.

Assets	<ul style="list-style-type: none"> • Physical verification • Tracing in bank statements 	<ul style="list-style-type: none"> • Test of details
Income	<ul style="list-style-type: none"> • Recalculation • Substantive analytical verification • Tracing in bank statements 	<ul style="list-style-type: none"> • Record reconciliation • Test of details – inspection of supporting documents
Expenditure	<ul style="list-style-type: none"> • Recalculation • Substantive analytical verification • Tracing in bank statements 	<ul style="list-style-type: none"> • Record reconciliation • Test of details



Assertions
Assessment of Rationality

- ✔ Completeness
- ✔ Accuracy / Valuation
- ✔ Classification
- ✔ Relevance
- ✔ Cut-off
- ✔ Occurrence / Existence

5 Financials of PIMH

5.1 About Financials

The financial statements of the Punjab Institute of Mental Health (PIMH) have been prepared in line with the New Accounting Model. The New Accounting Model (NAM) was introduced in year 2000, through approval by the Accounting General of Pakistan, to improve the traditional government accounting system by bringing-in a shift towards modified cash-basis of accounting, double-entry book-keeping, commitment accounting, fixed asset accounting and a new multi-dimensional Chart of Accounts. A key objective of NAM was to help produce timely, relevant, accurate, reliable and comprehensive financial reports for the decision makers to enable effective accountability and better financial governance along with the implementation of SAP-based IT platform. Objectives of NAM include effective budgetary management, financial control, cash forecasting, trend analyses, fiscal administration and debt management.

The financial statements are attached as an **Annexure A** to this report.

5.2 Financial Summary

PUNJAB INSTITUTE OF MENTAL HEALTH
 STATEMENT OF ASSETS AND LIABILITIES
 AS AT 30 JUNE, 2023

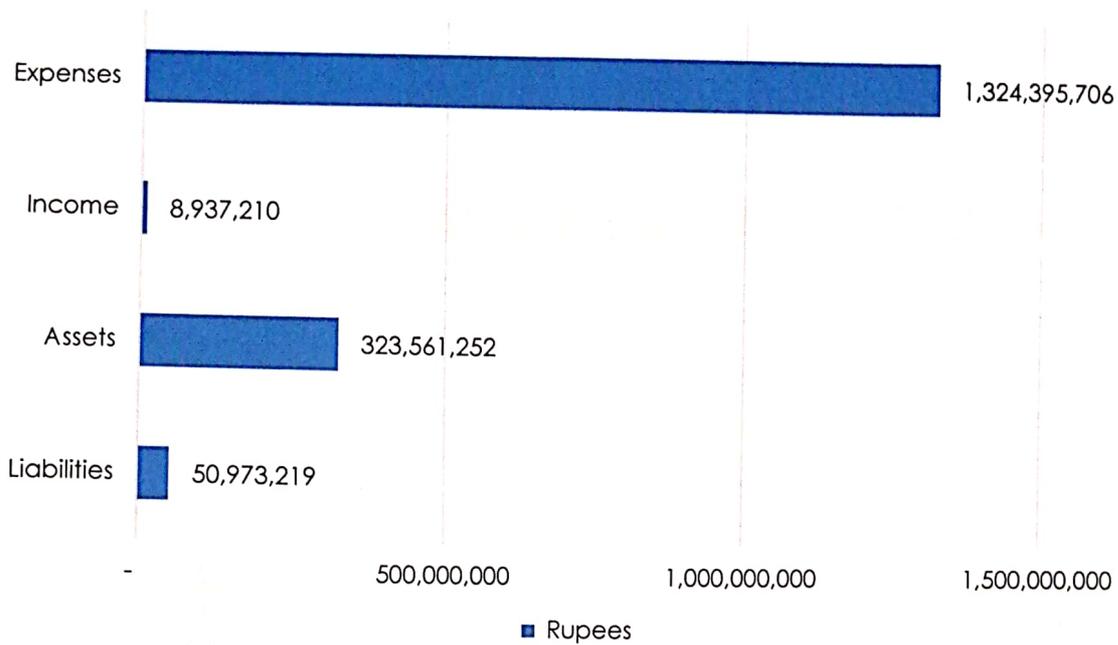
	2023	2022
Assets		
Fixed Assets	196,423,722	123,705,711
Current Assets		
Cash	210,345	180,598
Stocks	125,530,848	80,833,480
Receivables	1,396,337	1,883,110
	<u>127,137,530</u>	<u>82,897,188</u>
TOTAL ASSETS	<u>323,561,252</u>	<u>206,602,899</u>
Current Liabilities		
Operation liability	50,973,219	72,311,054
Contractors' Securities	12,185,623	11,594,710
Commitments	-	33,994,350
TOTAL LIABILITIES	<u>63,158,842</u>	<u>117,900,114</u>


PUNJAB INSTITUTE OF MENTAL HEALTH
STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Income:		
Operational Income	227,978	221,141
Non-operational income	8,709,232	7,302,844
Total Income	8,937,210	7,523,985
Grants:		
PIMH (Non-Development)	1,369,552,000	1,211,964,000
PIMH (Annual Development Program):		
Capital component	200,008,000	135,616,000
Revenue component	40,989,350	15,000,000
	1,610,549,350	1,362,580,000
Total Receipts	A 1,619,486,560	1,370,103,985
Operational Expenditure		
Salaries, remuneration and employee benefits	738,759,768	663,325,192
Operating expenses	585,635,938	420,670,260
	1,324,395,706	1,083,995,452
Capital Expenditure		
On going schemes of ADP		
Capital component	200,008,000	135,616,000
Revenue component	40,989,350	11,630,892
Office buildings renovation	-	34,305,900
Purchase of furniture and fixture	725,200	3,227,832
Purchase of computer equipment	1,681,495	2,649,902
Residential buildings renovation	-	1,673,700
Purchase of plant and machinery	499,500	500,767
Purchase of medical and lab equipment's	500,000	500,000
	244,403,545	190,104,993
Total Expenditure	B 1,568,799,251	1,274,100,445
Excess of receipts over payments	C=A-B 50,687,309	96,003,540
Lapse of receipts	(41,750,099)	(88,479,555)
Net Receipts	8,937,210	7,523,985
Deposited in treasury account	(6,235,146)	(7,523,985)
Deposited in PLA account	(2,702,064)	-
	-	-

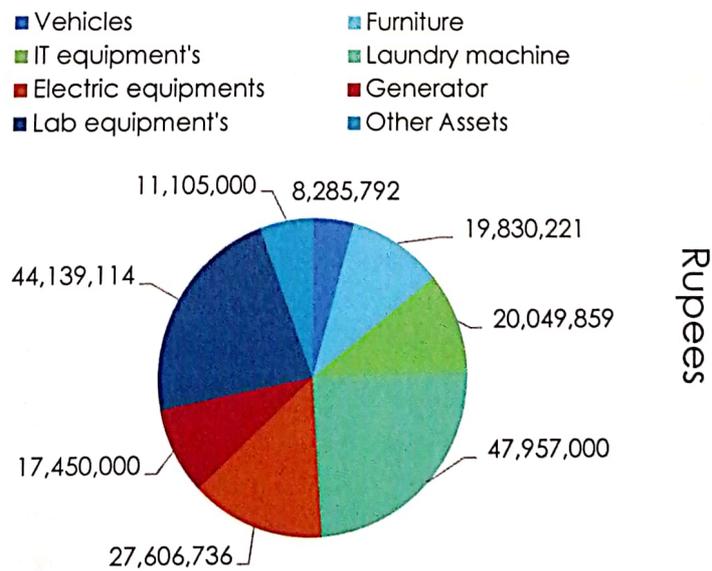


5.3 Financial Highlights



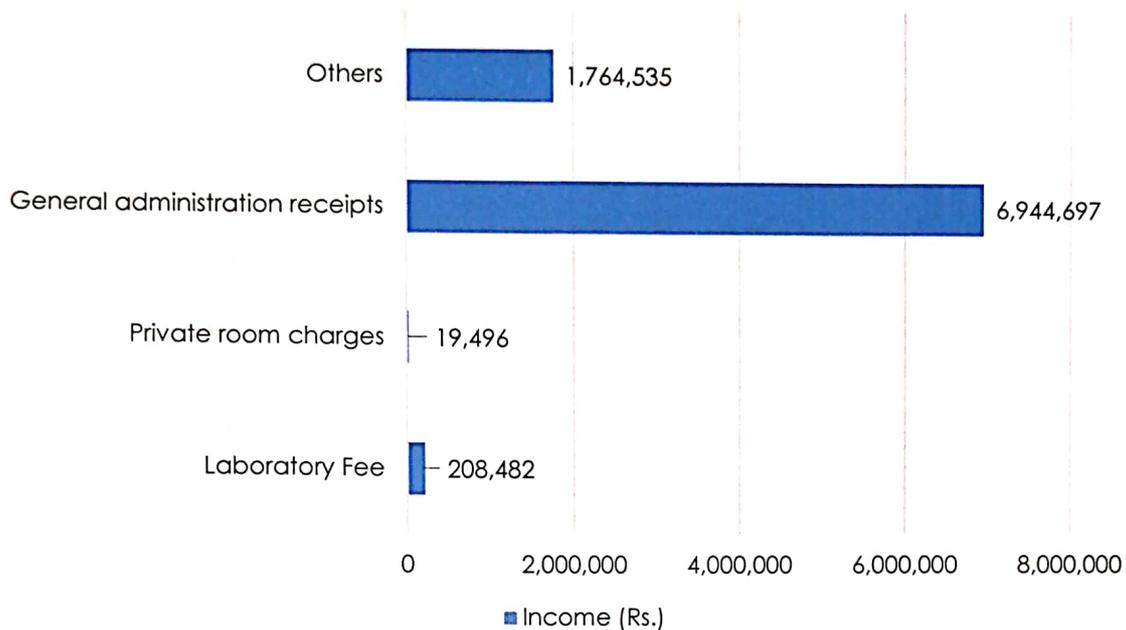
A graphical representation of each of the aforementioned components is as follows:

5.3.1 Assets (as at June 30, 2023)



Other Assets amounting to Rs. 11 million include tube well, kitchen items, fire extinguisher and telephone exchange.

5.3.2 Income

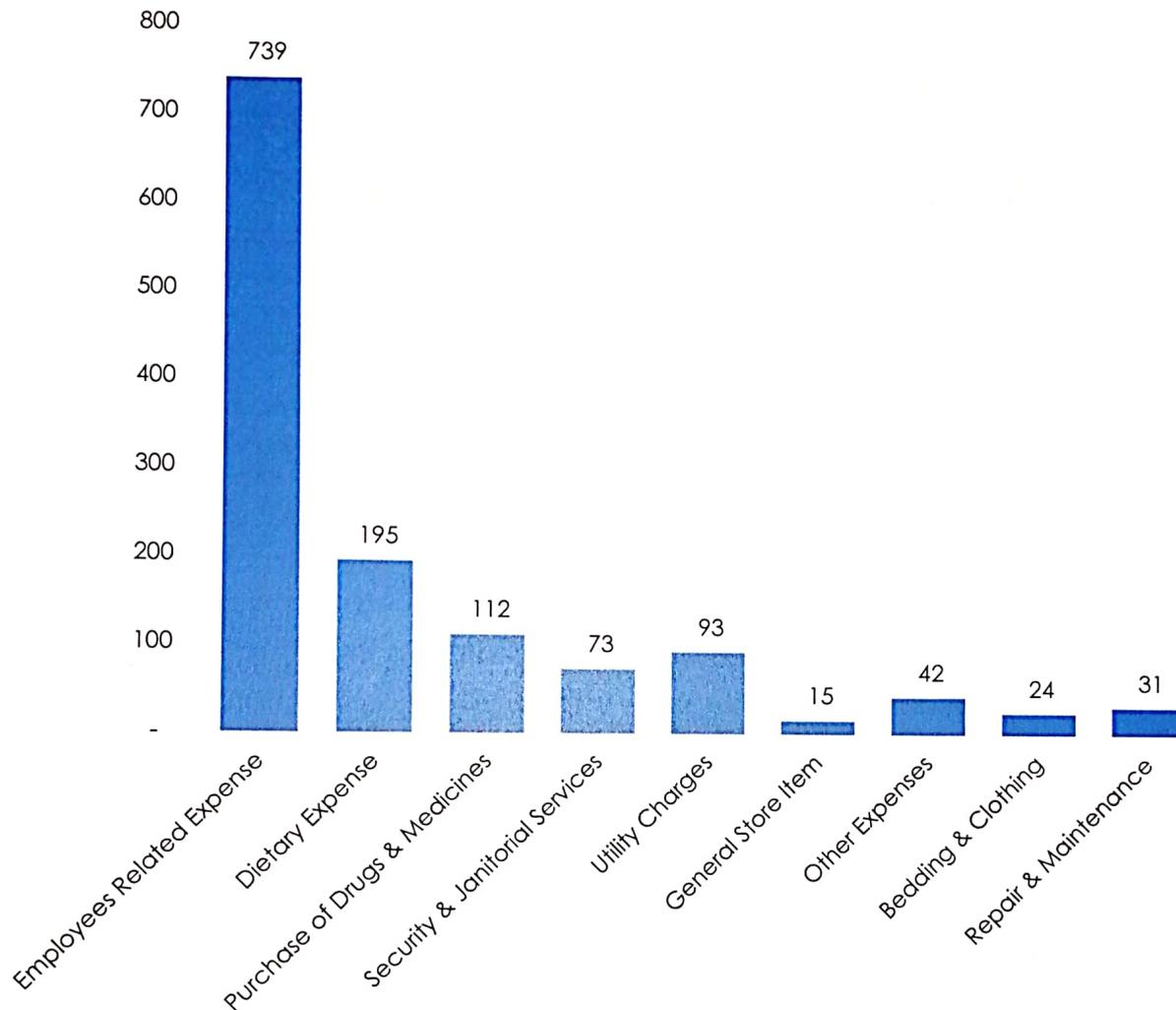


Total receipts of the Institute for the year were Rs. 8.9 million out of which Rs. 8.7 million relate to non-operational income and Rs. 0.2 million relate to operational income which includes private room charges and laboratory fees. The non-operational income includes general receipts of electricity bills recovery, canteen fees, parking fees, tender fees and some scrap sales etc.

Furthermore, out of the Rs. 8.9 million, Rs. 6.2 million has been deposited in the Government Treasury and Rs. 2.7 million has been deposited in the Personal Ledger Account in National Bank of Pakistan of the Institute.

5.3.3 Expenses

Expenses by PIMH from Govt. Sanctioned Budget
Rupees in Millions



The employees' expenses category encompasses various components, including employees' basic pay, personal allowances, adhoc relief, as well as provisions for superannuation leave encashment and financial assistance in the event of death or injury. Dietary expenses, on the other hand, are associated with the daily meals provided to patients. Additionally, the "other expenses" category, amounting to Rs. 42 million, primarily pertains to the acquisition of perishable items like printing equipment, machinery, uniforms, petroleum, oil lubricants, and miscellaneous minor expenditures. Furthermore, within this category, funds are allocated for scholarships awarded to deserving students.

It's noteworthy that the dietary expenses totaling Rs. 195 million specifically cover the dietary needs of patients and do not extend to the dietary costs of administrative and hospital staff. Instead, the dietary expenses for staff members are integrated into their salary packages under the label of an entertainment allowance. This approach effectively distinguishes between dietary expenses for students and those related to administrative and hospital staff, ensuring a transparent and clear financial reporting process.

Below is the detail of assets, income and expenses made available to us for third-party audit of the accounts of PIMH.

Title	Total Amount (Rs.)	Amount verifiable (Rs.)
Assets	323,561,252	323,561,252
Income	8,937,210	8,937,210
Expenses from Govt. sanctioned budget	1,324,395,706	1,324,395,706

Please note that amount verifiable is the amount with regards to which data/information was made available by PIMH management. However, our verification was performed on sample basis in line with our approach and methodology.

5.4 Financial Statements

The financial statements of the Punjab Institute of Mental Health (PIMH) consist of four fundamental components: the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts, the Statement of Assets and Liabilities, the Statement of Income and Expenditures, and accompanying notes. These financial statements are meticulously prepared to ensure precision, consistency, and transparency in the reporting of the Institute's financial performance and position.

5.4.1 Statement of Cash Receipts and Payments

This statement offers an overview of the cash inflows and outflows during the fiscal period. It reflects the Institute's cash management activities and enables stakeholders to assess its liquidity and solvency in alignment with accounting standards.

5.4.2 Statement of Comparison of Budgeted and Actual Amounts

This statement provides the budget-to-actual comparison aids in financial oversight and strategic decision-making, ensuring that we are effectively managing our resources and adhering to our financial plans.



5.4.3 Statement of Assets and Liabilities

This statement provides a snapshot of the Institute's financial position at a given point in time. It shows the value of assets owned by PIMH and the obligations (liabilities) it owes, offering insight into its overall financial health while adhering to accounting standards.

5.4.4 Statement of Incomes and Expenditures by Function

This statement categorizes incomes and expenditures by function or purpose, allowing a clear understanding of how funds are allocated within the Institute's operations. This categorization assists in evaluating the efficiency and effectiveness of resource allocation, in line with accounting standards.

5.4.5 Notes to the Financial Statements

These notes supply additional details and explanations that complement the financial statements. They offer context and insight into significant accounting policies, contingent liabilities, and other pertinent information that aids in the interpretation of the financial data, while adhering to accounting standards disclosure requirements.

The preparation of these financial statements is conducted in line with the rigorous and globally recognized accounting standards and practices. These statements collectively provide a comprehensive view of the Institute's financial performance, position, and the factors influencing its operations, in full compliance with accounting standards.

The financial statements are attached as an **Annexure A** to this report.

6 Output of PIMH against Utilization of Financial Resources

The PIMH output includes two distinct sets of results: one focused on performance outcomes, which assesses the hospital's effectiveness in terms of patient well-being and the volume of patients served, and the other centered on budget outcomes, which evaluate how financial resources are utilized in comparison to the approved budget.

6.1 Outcome by Performance

Patient Wise analysis:

The hospital operates in a continuous effort to manage expenses and enhance the level of care provided. An estimated budget is devised through the management's assessment of different units within PIMH. Units with higher patient turnover receive larger resources. This resource allocation method is designed to maximize the utilization of limited assets, including skills, financial resources, and funds. PIMH gauges its performance based on the number of patients served in a given year. The following are the targets that PIMH has successfully met for the 2022-2023 fiscal year:

Output	Estimate	Actual	Target Achieved	Estimate
	2022-23			2023-24
	Numbers	Numbers	Percentage	Numbers
Patient Treatment				
Patient Treated OPD	160,000	139,923	87%	160,000
Patient Treated Indoor	5,000	3,722	74%	5,000
Patient Treated Emergency	8,000	4,659	58%	8,000
Bed Occupancy Rate	70	49	70%	70
Facilities				
Lab Test Conduct	72,000	73,056	101%	72,000
Staff				
Gazetted	491	202	41%	491
Non-Gazetted	812	638	79%	812
Occupancy				
Bed Strength	1,510	1,530	101%	1,530
Vehicles				
Ambulances	10	2	20%	10
Other Vehicles	7	7	100%	7

The table above illustrates a comparison between the projected and realized patient counts. The expected number of outpatient department (OPD) patients was 160,000, but the actual count was 139,923. Similarly, for indoor and emergency treatments, the anticipated figures were 5,000 and 8,000, while the actual numbers were 3,722 and 4,659, respectively. Furthermore, the PIMH achieved a 70% bed occupancy rate and increased its bed capacity by 20.



Diet Charges:

Regarding dietary expenses, the PIMH provides patients with breakfast, lunch, and dinner. On an average day, the hospital serves around 1,100 to 1,300 patients. Over the course of the year, the PIMH consumed the following quantities of non-perishable items:

Sr. No.	Item Name	Item Supplied (kg/L)	Item Consumption (kg/L)
1	Atta	110,276	107,341
2	Rice	32,862	28,954
3	Oil	9,999	9,646
4	Daal Masoor	5,531	5,294
5	Daal Moong	6,027	5,882
6	Daal Chana	5,423	5,090
7	Whole Mansoor	2,968	2,892
8	Daal Maash	4,039	3,956
9	Sugar	16,674	16,319

6.2 Outcome by Budget

Non-Development Budget

The non-development budget primarily includes two main categories of expenses. The first category comprises staff salaries, including regular and special allowances, superannuation leave encashment for retiring employees, and financial aid to the families of deceased staff. The second category, the non-salary component, encompasses expenses related to PIMH's dietary provisions, drug procurement, janitorial services, utility charges, and similar items.

Sr. No.	Component	Budget Estimates	Actual Expenditure	Budget Estimates
		2022-23	2022-23	2023-24*
<i>Rupees in Millions</i>				
1	Salary	936.93	738.76	
2	Non-Salary	349.26	585.64	
	Total	1286.19	1324.4	

*These figures have not been made available.

The information above illustrates the budget allocations for both salary and non-salary components, along with the actual expenditures that have been incurred in these areas. The budget allocation provides an initial financial plan for both staff compensation (salary) and various other operational expenses (non-salary component) within the organization. The actual expenditure, on the other hand, represents the real-world financial outlay that has been utilized, reflecting how well the organization has managed

its resources in comparison to the budgeted amounts. This comparison allows for an assessment of the fiscal performance and efficiency in these key areas.

Development Budget

The long-term viability of crucial healthcare system initiatives has been a prominent concern within the healthcare sector. The development budget broadly comprises two categories of efforts: infrastructure-related and non-infrastructure activities.

Infrastructure-related activities predominantly encompass projects such as the establishment of new healthcare facilities, facility upgrades, and the expansion of existing health infrastructure. These initiatives aim to enhance the physical infrastructure and capacity of healthcare facilities to meet the evolving needs of the community.

On the other hand, non-infrastructure initiatives primarily focus on reinforcing healthcare facilities by integrating advanced equipment and technology. These efforts concentrate on the procurement and utilization of cutting-edge tools and resources to improve the quality of care, diagnostic capabilities, and overall efficiency within the healthcare system. This balance between infrastructure and non-infrastructure investments plays a crucial role in sustaining and improving priority health interventions.

Sr. No.	Component	Budget Estimates	Actual Expenditure	Budget Estimates
		2022-23	2022-23	2023-24*
<i>Rupees in Millions</i>				
1	Capital	215.01	200	
2	Revenue	-	37.66	
	Total	215.01	237.66	

*These figures have not been made available.

The information provided above depicts the allocation of funds for both the capital and revenue components, alongside the actual expenditures that have been realized in these respective areas.

To elaborate, the budget allocation serves as an initial financial plan that designates funds for both capital investments and ongoing operational expenses (revenue component). Capital investments typically include long-term assets like infrastructure development, equipment procurement, or facility expansion. In contrast, the revenue component encompasses day-to-day operational costs, including salaries, utilities, and supplies.

The actual expenditure reflects the real-world financial outlays that have been utilized in both these components. This comparison is critical for evaluating the financial performance and efficiency in managing resources, as it provides insights into how well the organization has aligned its financial resources with its goals and priorities.



7 Findings' Summary

A summary of major and minor financial violations and recommendations to strengthen the internal controls are given as under; the detail is given in subsequent section.

General

Sec. Ref.	Sub-section Title	Sub-section Ref.	Observation Title	Risk rating
8.1	General	8.1.1	Simplified Accounting System without Double Entry or Accrual Basis	Medium
	General	8.1.2	Maintenance of Attendance Sheets	Medium
	General	8.1.3	Non-implementation of IT based system	Medium
	General	8.1.4	Delayed deposit of funds in Government Treasury	Low
	General	8.1.5	Excess Spending than Allocated Budget	High
	General	8.1.6	Operating as non-autonomous despite having autonomous status	Medium

Assets

Sec. Ref.	Sub-section Title	Sub-section Ref.	Observation Title	Risk rating
8.2	Fixed Assets	8.2.1.1	Misclassification of Assets	High
	Fixed Assets	8.2.1.2	Discrepancies in Fixed Assets detail	High

8 Findings and Recommendations

8.1 General

8.1.1 Simplified Accounting System without Double Entry or Accrual Basis

Risk Rating

Medium

Likelihood

Possible

Impact

Medium



Observation

The Institute employs a cash basis accounting method to record its transactions, which means it records single entries and maintains an auxiliary record. Additionally, we have observed that the Institute is in the process of implementing NAM and in process of complying with the requirements of the NAM as recommended by the Auditor General of Pakistan.

Risk

There is a concern regarding the precision, existence/legitimacy, and comprehensiveness of the Institute's financial records. Since the Institute does not adhere to an accrual-based accounting system and lacks a proper record-keeping process, there is a potential for overlooking revenue from sources such as patient admission fees and laboratory charges.

Recommendation

The Institute should adopt the accrual basis of accounting and improve its financial management policies to enhance financial reporting and transparency aligned with the NAM guidelines specified by the Auditor General of Pakistan.

8.1.2 Maintenance of Manual Attendance Sheets

Risk Rating

Medium

Likelihood

Possible

Impact

Medium



Observation

We observed that manual attendance register of staff is being maintained in the PIMH without any record of joining and leaving time and there is also no biometric attendance machine available for electronic attendance. So, we cannot validate the duty hours of the staff. Furthermore, we also observed that no salary is being deducted in case of late arrival or absenteeism.

Risk

There is a risk that the Institute might not be able to adequately track the working hours of its staff resulting in inefficiencies and ineffectiveness in the operations of the PIMH.

Recommendation

Management should install the biometric machine for proper check and balance of the in-field staff. The biometric attendance sheet should be given to the finance department so that they can cross verify the attendance while making the payroll calculations.

8.1.3 Non-implementation of IT Based System

Risk Rating

Medium

Likelihood

Possible

Impact

Medium



Observation

The financial record is being maintained in manual form as there is no complete IT system in place. Only data of patients is being maintained in the online system which includes entry of patient in and patient out and the medicines given to the patient.

Risk

In the absence of an IT system, the organization faces challenges in effectively managing and processing information, leading to a higher risk of errors. The absence of an IT system can lead to inefficiencies in daily operations due to slower and error-prone manual processes. Additionally, the lack of proper security measures poses a potential risk of management override of controls. Hence, there is a higher probability of fraud.

Recommendation

Management should implement a financial system which should be integrated with all its departments increasing efficiency and ensuring transparency of the Institute's operations.

8.1.4 Delayed Deposit of funds in Government Treasury

Risk Rating

Low

Likelihood

Remote

Impact

Low



Observation

The Institute is mandated to allocate 100% of the annual admission and 45% of the laboratory charges to the government treasury fund. As of June 20, 2023, the deposits amounting to Rs. 2,702,064/- for the year have been made, with the receipts from the final ten days amounting to Rs. 8,475/-, until June 30, 2023, being carried forward to the following year. Furthermore, the stamp duty collected from a contractor must be remitted to the government treasury. However, PIMH is not complying with this requirement for the canteen contract; instead, they are depositing these funds into their own Personal Ledger Account at the National Bank of Pakistan.

Risk

There is a risk that the Government might impose fines and penalties or might take legal action against the Institute.

Recommendation

Management should timely deposit the admission fee and stamp duties into the government treasury. Further, the Institute should also comply with the canteen contract.



8.1.5 Excess spending than the Allocated Budget

Risk Rating

High

Likelihood

Likely

Impact

High



Observation

As per section 17(14)(15) of Financial Rule 2016, Government departments are not allowed to spend more than the allocated budget for specific purposes without first obtaining additional appropriations. If a government institution exceeds the approved annual budget, they may be held accountable for the excess spending. However, there are outstanding liabilities of 50 million for the fiscal year 2022-2023 at PIMH, which represent unpaid financial obligations and excess expense incurred than in the budget.

Risk

There is a risk that the PIMH may be subject to financial penalties or sanctions due to the breach of budgetary limits, as outlined in the Financial Rules. This situation raises concerns about the overall fiscal management of the Institute, as consistently exceeding the budget can impact financial stability. Also, the Institute's reputation may be negatively affected, as exceeding the budget could be perceived as a lack of financial transparency and responsibility.

Recommendation

To mitigate these risks, it is crucial for PIMH to address outstanding liabilities and enhance financial planning and control mechanisms to ensure compliance with budgetary limits in the future. This will help maintain financial discipline, transparency, and overall fiscal responsibility.



8.1.6 Operating as Non-Autonomous despite having Autonomous Status

Risk Rating

Medium

Likelihood

Possible

Impact

Medium


Observation

As of December 22, 2021, Notification No. SO (RMC)19-1/2021 granted PIMH autonomous status. However, despite having gained this autonomy, there seems to be a reluctance or delay in exercising the powers and privileges associated with autonomous status in the hospital's operations.

According to Rule 17 of the Punjab Medical and Health Institutions Rules, 2003, all financial resources, including grants, development funds, receipts, donations, and contributions received by the Punjab Institute of Medical Sciences and Health (PIMH), should be maintained in a Personal Ledger Account (PLA). However, PIMH currently manages its financial transactions through a centralized treasury system (treasury account) and does not maintain separate bank accounts.

The Finance department (FD) allocates and grants funds to this treasury account based on approved budgets, and this allocation is done quarterly through the Specialized Healthcare and Medical Education (SHC & ME) department. The granted funds are then utilized by PIMH to support its operational goals and are withdrawn as per the budgetary allocation process through the Accounting General's (AG) office.

All the cash inflows, granted allocations, and outflows, which pass through this treasury account, are documented and reported in the statement of cash receipts and payments.

Risk

Operating as a non-autonomous entity despite having autonomous status introduces several risks. The reliance on a centralized treasury system and quarterly budget allocations from the Finance department may hinder the PIMH financial autonomy, leading to delays in fund access and limitations in addressing urgent financial needs. This approach poses

transparency and accountability challenges, as centralized systems can obscure financial transactions and potentially raise concerns about mismanagement. Additionally, inefficient resource allocation, compliance and regulatory risks, dependence on external entities, delayed decision-making, and constraints on strategic planning are notable drawbacks.

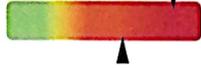
Recommendation

Additionally, the PIMH should consider advocating for more financial autonomy, streamlining its financial procedures, and working with relevant authorities to align its financial management with its autonomous status. This will help the Institute in achieving greater operational flexibility and better serve its mission and objectives.

8.2 Assets

8.2.1 Fixed Assets

8.2.1.1 Misclassification of Assets

Risk Rating	High	
Likelihood	Likely	
Impact	Medium	
Observation	During our audit, we noted an asset have been misclassified under cost of other expense rather than being capitalized. For instance, a refrigerator was incorrectly procured under expenses rather than assets.	
Risk	There is a potential risk of re-organization of budgetary funds as the same may be used interchangeably and assets misclassified thereto.	
Recommendation	To mitigate these risks, the Institute should accurately categorize assets, and ensure compliance with relevant guidelines. This will help maintain financial accuracy, regulatory compliance, and efficient asset management.	

8.2.1.2 Discrepancies in Fixed Assets' detail

Risk Rating

High

Likelihood

Likely

Impact

High



Observation

There is no formal mechanism for valuation of assets due to which we have to rely on the management for both the quantity and cost of fixed assets, as they have not engaged external valuers to assess and quantify these assets. Additionally, the Institute has not provided us with the building's cost. After extensive discussions and evaluating the DC rates and FBR land valuation, they ultimately included the land at the FBR valuation specified in S.R.O. 348(I)/2022 dated March 2, 2022.

Risk

Reliance on internal estimates for both quantity and cost poses risks with regards to the completeness and accuracy of fixed asset records. Not engaging external valuation services may lead to undervaluation or overvaluation of assets, potentially impacting financial reporting and decision-making. The lack of building cost information introduces uncertainty, while using government valuation rates may not reflect the actual value, possibly affecting asset assessments and property taxes. Inadequate documentation and reliance on limited sources could lead to inaccuracies in financial reporting and compliance concerns.

Recommendation

To mitigate the identified risks, it is recommended to establish clear fixed asset policies and engage external valuation services to ensure accurate and reliable asset quantification. Maintain records of building costs, review valuation methods, enhance documentation practices, conduct regular internal audits, monitor compliance with regulations, and provide staff training for proper asset management, ultimately ensuring completeness, accuracy, and compliance in fixed asset records.



9 Follow Up of Predecessor Auditor's Findings/ Recommendations

Point Raised	Resolved	Remarks
The Accounting System	In Process	We have noticed that the Institute has initiated the implementation of an accounting system, involving the maintenance of cash registers along with the recording of income and expenses details.
Maintenance of Asset Register	Yes	The Institute has started maintaining the Fixed Asset Register.
Non-Conducting of Annual Stock Take	Yes	Monthly Stock verification is being conducted by the Institute.
Donation	Yes	Donations are being documented and a donation register is being maintained.
Attendance Register	No	Still unresolved. Explained in detail in point 8.1.2.
Withholding of Taxes	Yes	Institute is withholding taxes on payments to vendors. The same has been verified from the vouchers regarding payment to vendors.



10 Annexure A

PUNJAB INSTITUTE OF MENTAL HEALTH

STATEMENT OF CASH RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	<i>Note</i>	2023 Rupees	2022 Rupees
RECEIPTS			
Grants			
PIMH (Non Development)		1,369,552,000	1,211,964,000
PIMH (Annual Development Program)			
Capital component		200,008,000	135,616,000
Revenue component		40,989,350	15,000,000
	4	1,610,549,350	1,362,580,000
Total Receipts		1,610,549,350	1,362,580,000
PAYMENTS			
Operations			
Salaries, remuneration and employee benefits	5	(738,759,768)	(663,325,192)
Operating expenses	6	(585,635,938)	(420,670,260)
		(1,324,395,706)	(1,083,995,452)
Capital payments			
Office buildings renovation		-	(34,305,900)
On going schemes of ADP		(240,997,350)	(147,246,892)
Purchase of furniture and fixture		(725,200)	(3,227,832)
Purchase of computer equipment		(1,681,495)	(2,649,902)
Residential buildings renovation		-	(1,673,700)
Purchase of plant and machinery		(499,500)	(500,767)
Purchase of medical and lab equipment's		(500,000)	(500,000)
	7	(244,403,545)	(190,104,993)
Total Payments		(1,568,799,251)	(1,274,100,445)
Excess of receipts over payments		41,750,099	88,479,555
Lapse receipts	8	(41,750,099)	(88,479,555)
Net receipts / payments		-	-
OPENING CASH AND CASH EQUIVALENT		180,598	25,000
CLOSING CASH AND CASH EQUIVALENT	9	210,345	180,598
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 19 form an integral part of these financial statements.

Deputy Director Finance

Executive Director

PUNJAB INSTITUTE OF MENTAL HEALTH
STATEMENT OF COMPARISON OF BUDGETED AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023		2023	Variance
		Original budget	Final budget		
Receipts			Rupees		
Grant					
PIMH (Non Development)		1,286,191,000	1,369,552,000	1,327,801,901	41,750,099
PIMH (Annual Development Program)		215,009,000	200,008,000	200,008,000	-
Capital component		37,657,000	40,989,350	40,989,350	-
Revenue component		1,538,857,000	1,610,549,350	1,568,799,251	41,750,099
Total Receipts		1,538,857,000	1,610,549,350	1,568,799,251	41,750,099
Payments					
Operations					
Salaries, remuneration and employee benefits		936,934,000	770,043,000	738,759,768	31,283,232
Operating expenses		347,014,000	595,880,000	585,635,938	10,244,062
	A	1,283,948,000	1,365,923,000	1,324,395,706	41,527,294
Capital payment					
On going schemes of ADP		252,666,000	240,997,350	240,997,350	-
Purchase of furniture and fixture		728,000	728,000	725,200	2,800
Purchase of computer equipment		1,008,000	1,900,000	1,681,495	218,505
Purchase of plant and machinery		1,000	501,000	499,500	1,500
Purchase of medical and lab equipment's		500,000	500,000	500,000	-
	B	254,903,000	244,626,350	244,403,545	222,805
Excess of receipt over payment	A+B	1,538,851,000	1,610,549,350	1,568,799,251	41,750,099

The annexed notes from 1 to 19 form an integral part of these financial statements.

Deputy Director Finance

Executive Director

PUNJAB INSTITUTE OF MENTAL HEALTH
STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE, 2023

	Note	2023	2022
Assets			
Fixed Assets	15	196,423,722	123,705,711
Current Assets			
Cash		210,345	180,598
Stocks		125,530,848	80,833,480
Receivables		1,396,337	1,883,110
	16	127,137,530	82,897,188
TOTAL ASSETS		323,561,252	206,602,899
Current Liabilities			
Operation liability		50,973,219	72,311,054
Contractors' Securities		12,185,623	11,594,710
Commitments		-	33,994,350
TOTAL LIABILITIES	17	63,158,842	117,900,114

The annexed notes from 1 to 19 form an integral part of these financial statements.

Deputy Director Finance

Executive Director

PUNJAB INSTITUTE OF MENTAL HEALTH
STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
Income :		
Operational Income	227,978	221,141
Non operational income	8,709,232	7,302,844
Total Income	<u>8,937,210</u>	<u>7,523,985</u>
Grants:		
PIMH (Non Development)	1,369,552,000	1,211,964,000
PIMH (Annual Development Program):		
Capital component	200,008,000	135,616,000
Revenue component	40,989,350	15,000,000
	<u>1,610,549,350</u>	<u>1,362,580,000</u>
Total Receipts	A <u><u>1,619,486,560</u></u>	<u><u>1,370,103,985</u></u>
Operational Expenditure		
Salaries, remuneration and employee benefits	738,759,768	663,325,192
Operating expenses	585,635,938	420,670,260
	<u>1,324,395,706</u>	<u>1,083,995,452</u>
Capital Expenditure		
On going schemes of ADP		
Capital component	200,008,000	135,616,000
Revenue component	40,989,350	11,630,892
Office buildings renovation	-	34,305,900
Purchase of furniture and fixture	725,200	3,227,832
Purchase of computer equipment	1,681,495	2,649,902
Residential buildings renovation	-	1,673,700
Purchase of plant and machinery	499,500	500,767
Purchase of medical and lab equipment's	500,000	500,000
	<u>244,403,545</u>	<u>190,104,993</u>
Total Expenditure	B <u><u>1,568,799,251</u></u>	<u><u>1,274,100,445</u></u>
Excess of receipts over payments	C=A-B 50,687,309	96,003,540
Lapse of receipts	(41,750,099)	(88,479,555)
Net Receipts	8,937,210	7,523,985
Deposited in treasury account	(6,235,146)	(7,523,985)
Deposited in PLA account	<u>(2,702,064)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Executive Director

Deputy Director Finance

PUNJAB INSTITUTE OF MENTAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 Legal status and operations

The Government Mental Hospital was established in 1900. In 2002, the hospital was finally named as Punjab Institute of Mental Health (PIMH) under the Mental Health Ordinance, 2001 that repealed Lunacy Act, 1912.

Government of the Punjab, vide No. SO (RMC) 19-1/2021 (Autonomy) dated December 22, 2021 in the exercise of the powers conferred under section 3 of the Punjab Medical and Health Institutions Act, 2003 (the Act) has notified the PIMH as a "Medical Institution". This notified Medical Institution (the PIMH) is a corporate body with perpetual succession and a common seal with power to acquire, hold and dispose of property as prescribed and may, by its name, sue and be sued. Provided that the disposal of land and any structure thereon shall be subject to the approval of the Government of the Punjab. In addition, vide the same notification, in the pursuance of section 6 (10) of the Act, the Chief Minister of the Punjab has constituted an "Administration Committee" for the PIMH to perform functions of the Board till the constitution of the Board of Management of the PIMH. A medical institution means a medical college or medical Institute along with the attached hospital and training Centre.

The main objective of the PIMH is to provide education, consultants, medicines, aid and care to mentally disturbed patients. The registered office of the PIMH is situated at Shaman II, Jail Road, Lahore.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

These financial statements have been prepared in accordance with the New Accounting Model (NAM) as prescribed by the Auditor General of Pakistan. NAM is comprised of seven volumes and the implementation of NAM is an ongoing process. However, asset and liability accounting practices have not yet been implemented and memorandum registers for assets and commitments do not properly maintain and accounting of liabilities is not done in accordance with NAM.

2.2 Basis of preparation

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 PIMH or Accountant General of Pakistan on behalf of the PIMH. These financial statements have been prepared as per the requirements of NAM that support international best practices. The statement of receipts and payments, statement of comparison of budget and actual expenditure by the PIMH and notes forming parts thereof have been prepared. In the format of Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting issued In 2017.

IPSAS, Financial Reporting under the Cash Basis of Accounting comprises of:

- Part-1 mandatory
- Part-2 not mandatory

Part-1 defines the cash basis of accounting, establishes requirements for the disclosure of information in the financial statements and supporting notes. The applicable requirements mentioned under part-1 have been fully complied.

The financial statements for the financial year 2022-2023 have been prepared and presented in order to make a fair presentation of all the relevant financial information without making any change in fundamentals applied and all policies have been applied on basis consistent with the previous year.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is also the PIMH functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee unless otherwise specified.

2.4 Reporting and budget period

The reporting and the budget period of these financial statements is the financial year 2022-23 (from 01 July 2022 to 30 June, 2023).

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below.

3.1 Receipts/Payments through centralized treasury function

As per rule 17 of the Punjab Medical and Health Institutions Rules, 2003, Grant-in-aid, development fund, all receipts generated by the PIMH, donations and contributions received shall be kept in the Personal Ledger Account (PLA). However, the PIMH is managing its receipts/payments through a centralized treasury function (referred to as a "treasury account") and does not establish its own separate bank accounts. The Finance department (FD) is allocating/granting funds in treasury account based on approved budgets on a quarterly basis through Specialized Healthcare and Medical Education (SHC & ME) department. Granted funds are being used by the PIMH for its operating objectives and are being withdrawn as per budgetary allocation through the AG office. The cash inflow/granted allocations and outflow which flow through the treasury account are reported in the statement of cash receipts and payments.

3.2 Recording of receipts

Receipts are recorded on the date of receipt of money in cash or allocating/granting funds in the treasury account by the FD. These are recorded on a gross basis and any related costs are recorded separately. The following are the specific instances of recording of different receipts:

- Cash receipts during the period include income from operations are recorded on the date of receipt of money in cash.
- Cash receipts during the period include grants from the FD. Grants are recorded on the date of allocating/granting funds in the treasury account by the FD.

3.3 Recording of payments

Payments are recorded on the date when payment is made, or a cheque is issued by the AG office. The financial year to which the payment pertains is determined by the date on which a cheque or payment advice is issued. The policies for recording of payments are as follows;

- Payment through cheque is recorded on the date when cheque is issued by the AG office.
- Direct payment in bank account is recorded on the date when payment advice is issued to bank (if any);

3.4 Employee benefits

The PIMH has the following employee benefits plans for its employees:

• Superannuation Leave encashment:

This represents liability arising from entitlement to the various forms of leave earned by the PIMH employees. Expenditure is recognized on the basis of payments made during the year.

• Financial assistance on in-service death:

This represents liability arising on in-service death of the PIMH employees and is a one-off payment made to their family after approval from the competent authority vide No. FD.SR-1/3-10/2004 dated August 15, 2017. The expenditure is recognized on the basis of payments made during the year. The following details of the said assistance are depending upon the respective pay scale of deceased employees.

Sr.no	Basic Pay Scale	Financial Assistance
1	1-4	1,600,000/-
2	5-10	1,900,000/-
3	11-15	2,200,000/-
4	16-17	2,500,000/-
5	18-19	3,400,000/-
6	20 and above	4,000,000/-

For this purpose, the pay scale means in which a civil servant was drawing his/her last pay.

PUNJAB INSTITUTE OF MENTAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

• Benevolent Fund

The Benevolent Fund is to provide assistance to widows/ relatives of the deceased Punjab government employees as different grants i.e. scholarship, marriage, funeral, monthly and farewell as per the Punjab Government Servants Benevolent Fund, Part-I (Disbursement) Rules, 1965. It is managed by the Government of the Punjab, the PIMH is only deducted 3% of the basic salary of the eligible employees according to the said rules.

• General Provident Fund

It is an entitlement of the PIMH employees to a stream of payments after they retire from service. The PIMH is being directed from the FD vide No. FD.SR-1/2-1/95 (P) dated August 16, 2017, for the monthly deduction of the general provident fund as per sub-rule 1 of rule 1.10 of Punjab General Provident Fund Rules, 1978. The monthly deduction is ranging from between Rs. 400/- to 9,880/- depending upon the The main objective of the PIMH is to provide education, consultants, medicines, aid and respective pay scale of the employees.

3.5 Drugs and medicines

The PIMH purchase drugs and medicines in two categories as follow:

• Bulk purchase:

The PIMH purchases drugs and medicines in the bulk quantity that is generally demanded by hospital for patients' whole year.

• Local purchase:

The PIMH purchases drugs and medicines in an emergency that require within a few liability accounting practices have not yet been implemented and memorandum registers hours for patients. For this purpose, PIM H through tendering as per PPRA rules, 2014 qualifies the Pharma firms for the local purchase of drugs and medicines.

3.6 Distribution of share

The PIMH as per notification No. S.O (RMC) 8-19/18 dated June 06, 2018 regarding the distribution of fee realized from private/paying patients treated in the government hospital, distribute fee in the following manner: Government share 45%, Doctor Share 35%, Paramedical staf share 20%. Donation in cash/kind The philanthropists provide the donations to PIMH in cash and in-kind in the form of of comparison of budget and actual expenditure by the PIMH and notes forming parts operational assets, ready meals for patients, flour, rice, salt and sugar. A cash donation is recorded as the income on a receipt basis. Further, the value of donations in kind received during the year is determined based on the market values of respective donations in kind.

3.7 Donation in cash/kind

The philanthropists provide the donations to PIMH in cash and in-kind in the form of operational assets, ready meals for patients, flour, rice, salt and sugar. A cash donation is recorded as the income on a receipt basis. Further, the value of donations in kind received during the year is determined based on the market values of respective donations in kind.

3.8 Reporting on a Net Basis

The PIMH is acting as an agent on behalf of the FD for the collection of receipts from operational and non-operational sources. The operational/non-operational sources include laboratory fees, private room charges, electricity bills recovery, recovery of excess salary, canteen fee, parking stand fee, tender fee, admission and discharge fee, rent of vehicles, scrap items and audit para recovery. The amount is deposited in the treasury account on behalf of FD. As PIMH is acting on behalf of FD, therefore, the PIMH has no control over such receipts. The reporting of collection of such receipts and payments are offset and disclosed on a net basis.

3.9 Assets

Assets are resources controlled by the PIMH as a result of past events and from which future economic benefits flow to the PIMH. Assets are recorded at historical cost and currently, no depreciation is charged.

3.10 Liabilities

Liabilities are obligations of the PIMH arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential. All liabilities are recorded at historical cash value.

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FOR THE YEAR ENDED JUNE 30, 2023

4	Grants	Note	2023	2022
	PIMH (Non development)	4.1	1,369,552,000	1,211,964,000
	PIMH (Annual Development Program)	4.2		
	Capital component		200,008,000	135,616,000
	Revenue component		40,989,350	15,000,000
			<u>1,610,549,350</u>	<u>1,362,580,000</u>
4.1	This grant is received against non-development expenditure from the FD to meet the current expenses of the PIMH for the meeting of the PIMH objective.			
4.2	This grant is received against ADP from SHC & ME Department for capital expenditure of PIMH. It includes renovation of buildings (capital component) and purchase of bio-medical equipments (revenue component).			
5	Salaries remuneration & employee benefits	Note	2023	2022
	Basic Pay		405,818,181	271,708,330
	Personal Allowance		145,078,522	482,903
	Regular Allowance		78,798,603	86,542,436
	Adhoc Relief		41,900,894	121,579,499
	Other Allowances		46,219,765	160,141,938
	Honorarium		1,444,680	1,452,600
			<u>719,260,645</u>	<u>641,907,706</u>
	Disbursement of Staff Share		-	114,686
			<u>719,260,645</u>	<u>642,022,392</u>
	Retirement Benefit			
	Supperannuation Leave Enchisement	3.3	15,999,123	12,802,800
	Finanacial aid in Service Death	3.3	3,500,000	8,500,000
			<u>738,759,768</u>	<u>663,325,192</u>
6	Operating expenses	Note	2023	2022
	Diet Expense	6.1	194,999,279	129,979,171
	Purchase of Drugs & Medicine	6.2	112,456,723	83,069,486
	Security Janitorial Services	6.3	73,081,043	75,499,289
	Utility Charges	6.4	93,451,089	69,249,760
	General Store Item		14,989,340	14,999,564
	Others		22,076,221	14,001,587
	Bedding & Clothing		23,841,292	12,552,272
	Repair & Maintenance		30,896,535	9,694,534
	Printing & Stationary		5,139,998	4,593,265
	Petroleum Oil & Lubricant		3,348,257	2,399,340
	Uniform Clothing		1,258,751	1,087,253
	Telephone & Postage		673,732	677,358
	X-Ray film		154,520	529,577
	Services rendered		216,550	515,800
	Entertainment		495,797	499,879
	Travelling Expense		126,974	480,824
	Advertisement		568,980	409,421
	Medical Waste Management		229,102	358,880
	Exhibition fairs and other celebrations		22,000	73,000
	Scholarship (Other)		7,609,755	-
			<u>585,635,938</u>	<u>420,670,260</u>

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FOR THE YEAR ENDED JUNE 30, 2023

6.1 The PIMH is providing meals to patients as per diet scale. For this purpose PIMH tenders the diet items as per PPRA rules-2014 to fix the rate of Items for whole year and made a contract with procurement firms. The PIMH purchases perishable Items (eggs vegetables fruits and bread etc.) on daily basis based on the demand of meal on that day and non-perishable items (oil flour and masalas etc.) on weekly and monthly basis from approved suppliers. The payments includes payment to Lucky Trader Rs. 43,279,075/- Uzair Traders Rs.23,869,954/- and Yaqoob Traders Rs. 26,568,784 respectively during the year.

6.2 As explained in note 3.5 it includes payment against purchase of medicines to Hiranis pharmaceutical Rs. 20,256,000/- and Mega Pharmaceutical Rs. 9,690,000/-.

6.3 The PIMH has made an agreement of Rs. 24,500,850/- with Track Security System (Pvt.) Limited for providing the private security staff at the premise of the PIMH. The agreement period is from November 01 2022 to June 30 2023 which is extendable for the 03 months with mutual consent. In- addition the PIMH has also made an agreement of Rs. 43,400,000/- with the M/s RZ Enterprises for providing the janitorial staff for the PIMH. The agreement period is from November 01 2022 to June 30 2023 which is extendable for the 03 months with mutual consent.

6.4	Utility charges	2023	2022
	Electricity	74,732,911	51,999,989
	Gas	16,468,178	14,999,771
	Water	2,250,000	2,250,000
		<u>93,451,089</u>	<u>69,249,760</u>

7	Capital payments	Note	2023	2022
	On going schemes of ADP			
	Capital component	7.1	200,008,000	135,616,000
	Revenue component	7.2	40,989,350	11,630,892
			<u>240,997,350</u>	<u>147,246,892</u>
	Office buildings renovation		-	34,305,900
	Purchase of furniture and fixture		725,200	3,227,832
	Purchase of computer equipment		1,681,495	2,649,902
	Residential buildings renovation		-	1,673,700
	Purchase of plant and machinery		499,500	500,767
	Purchase of medical and lab equipment's		500,000	500,000
			<u>244,403,545</u>	<u>190,104,993</u>

7.1 During the year the SHC & ME allocate budget under different schemes approved in current year under ADP. Work under these schemes includes renovation of hospital buildings. These works are carried out by the provincial building department (PBD) and PBD is acting as an agent on behalf of the SHC & ME department as the per Accounting Policies and Procedures Manual of the Government of Pakistan. The PIMH is monitoring progress of the project and has no control over payments to contractors. These payments are processed through PBD as per the procedural mechanism as mentioned in Accounting Policies and Procedures Manual (APPM) chapter 3 (section 3.3.12.4) which states that "any spending entity required to undertake work or incur expenditure on behalf of another is required to exercise proper budgetary control over the funds provided by the principal authority.

The entity incurring the expenditure must ensure:

- The funds provided by the principal entity are not exceeded.
- The money is spent for the purpose intended.
- Any anticipated savings are promptly surrendered back to the principal entity.

The principal entity will communicate the grant within which expenditure may be incurred to the concerned spending entity and issue the required approval for expenditure to be incurred by a nominated authority in that entity".

7.2 The Grant has been allocated under the ADP against the procurement of bio-medical equipments and laundry machine. The PIMH has procured the items include ECG machine and ECT machine. These amounts include the payment made to Technologies Pvt. Ltd against the laundry machine amounting to Rs. 33,345,000/-

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8 Lapse of receipts

This amount is elapsed to FD of Government of Punjab as per the requirement of sub section 2.4.1.2 of section 2.4 of Manual of Accounting Principal (MAP) read with the section 3.3.12.6 of chapter 3 of APPM. All anticipated savings must be surrendered to the Government immediately as they are foreseen but no later than 15th May each year. Savings from funds provided after 15th May must be surrendered no later than 30 June. Stringent controls should be exercised in the spending of all potential or actual savings. In addition:

- No savings should be held in reserve for possible future excesses.
- Expenditure postponed must not be re-allocated to meet new items of expenditure.
- Expenditure must not be incurred simply because funds may be available within a particular grant. Grants that cannot be properly utilized must be surrendered.

9	Cash and cash equivalents	Note	2023	2022
	Petty cash		180,598	25,000
	Total receipt		1,610,549,350	1,362,580,000
	Total payments		(1,568,799,251)	(1,274,100,445)
	Amount lapse	8	(41,750,099)	(88,479,555)
	Undisbursed share of staff	11	185,345	155,598
			365,943	180,598
	Disbursement of staff share		(155,598)	-
			<u>210,345</u>	<u>180,598</u>

10 CONTINGENCIES AND COMMITMENTS

Contingencies

The PIMH is defending various written petition and appeal against suits of reversion/downgrade and inside hospital residence by applicant in the session court and Lahore High Court. Adjudication of these cases are pending before respective courts. The management of the PIMH, based on the advice of its legal advisor handling the subject cases, is of the opinion that matters shall be decided in the PIMH's favor.

11	Share related to Employees	Note	2023	2022
	Laboratory fee	11.1	254,811	251,386
	Private room charges		-	18,898
	Undisbursement share of staff	9	(185,345)	(155,598)
	Disbursement share of staff		(69,466)	(114,686)
			<u>-</u>	<u>-</u>

11.1 The PIMH collects fees from patients for various lab tests, totaling Rs. 463,293. As outlined in notes 3.1 and 3.6, when it comes to distributing fees obtained from private or paying patients treated at the government hospital, the allocation is as follows: 45% for the government's share, 35% for the doctors, and 20% for the paramedical staff.

12	Share related to FD	Note	2023	2022
	Operational income	12.1	227,978	221,141
	Non-Operational income	12.2	8,709,232	7,302,844
	Deposited in Treasury Account		(6,235,146)	(7,523,985)
	Deposited in PLA Account		(2,702,064)	-
			<u>-</u>	<u>-</u>
12.1	Operational income		208,482	205,679
	Laboratory fee		19,496	15,462
	Private room charges		<u>227,978</u>	<u>221,141</u>

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FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
12.2 Non-Operational income			
General administration receipts	12.2.1	6,944,697	6,462,717
Others	12.2.2	1,764,535	840,127
		<u>8,709,232</u>	<u>7,302,844</u>
12.2.1 General administration receipts			
Electricity bills recovery	12.2.1.1	4,232,358	3,312,578
Recovery of excess salary		1,535,234	1,408,378
Canteen fee	12.2.1.2	472,178	589,468
Parking fee	12.2.1.3	311,202	527,755
Tender fee		160,000	355,000
Admission and Discharge fee		204,425	263,218
Rent of vehicle		29,300	6,320
		<u>6,944,697</u>	<u>6,462,717</u>
12.2.1.1	The PIMH have 12 employee quarters and 1 hostel (Kassar-e-Fatima) inside the hospital which used the electricity of hospital. The PIMH is charging bills from these residencies for the use of hospital electricity. Total receivables as at June 30, 2022 was Rs. 1,396,337(2022: Rs.1,883,110/-).		
12.2.1.2	This fee is collected against the canteen fee, a contract was awarded to Majid Manzoor for the period May 01, 2023 to April 30, 2024 which is extendable up to 01 year for Rs. 714,420/- vide No.10156-61/PIMH dated April 17, 2023.		
12.2.1.3	This fee is collected against the parking stand, a contract was awarded to Muhammad Shan for the period September 22, 2022 to September 21, 2023 which is extendable up to 03 months for Rs. 646,553/- vide No. 22146-51/PIMH dated September 22, 2022.		
	Note	2023	2022
12.2.2 Others			
Scrap sale	12.2.2.1	1,463,000	661,649
Audit recovery		263,934	178,478
Miscellaneous income		37,601	-
		<u>1,764,535</u>	<u>840,127</u>
12.2.2.1	This includes amount of Rs. 1,463,000/- received against sale of scrap items.		

	Note	2023	2022
13 Donation			
Capital Asset	13.1	-	2,010,500
		<u>-</u>	<u>2,010,500</u>
13.1	As explained in note 3.7, this amount has represented the donation received in form of capital assets. These include electric appliances amounting to Rs. 1,991,000/- and wheelchairs amounting to Rs. 19,500/-		

14 Comparison of final budgeted and actual amounts

The approved original/ final budgets are developed on the same accounting basis as explained in note 2, same classification basis, and for the same period (from 1 July 2022 to 30 June 2023) as for the financial statements. The original budget objectives, policies, and subsequent revisions are explained fully in the budget manuals as maintained by the PIMH, however, material differences, reallocation and surrender of budget are as follows;

PIMH grant (non development):

According to APPM section 3.3.12.7 of chapter 3, excesses (i.e. expenditure for which no provision has been made in the current year's original budget) should not normally be incurred. However, in certain cases where budgetary factors have changed abnormally or have been under-estimated (such as growth rates and inflation) it is possible for the Principal Accounting Officer (PAO) to reallocate funds, provided they are available from savings arising in the same grant. In this case the PAO or his/her delegated officer is permitted to re-allocate funds between the individual allotments made to delegated officers or between detailed object heads of the same primary unit of appropriation within a particular grant, provided the:

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- Re-allocation is not to or from the establishment (salaries and allowances) budget.
- Delegated authority is also an authority competent to approve expenditure under these heads
- Re-allocation is authorized before the expiry of the financial year to which the budget relates
- Amount re-allocated does not exceed any financial limits as determined by the Finance Division/ Department.

Salaries, remuneration and employee benefits

The 4% variation of actual spending with original budget was due to management has kept amount in budget against vacant positions which were not filled during the year.

Operating expenses

There was a saving of 2% of operating expenses as compared with original budget due to non approval of some contingent expenditures.

On going scheme ADP

There was a saving of 5% of on going scheme ADP as compared with original budget due to completion of project.

15	Fixed assets	Note	2023	2022
	Land	15.1	-	-
	Building	15.2	-	-
	Vehicles	15.3	8,285,792	7,731,867
	Furniture		19,830,221	17,559,996
	IT equipment's		20,049,859	3,502,750
	Laundry machine		47,957,000	16,034,600
	Electric equipments		27,606,736	24,987,245
	Generator		17,450,000	17,450,000
	Telephone exchange		2,750,000	2,750,000
	Tube well		7,050,000	7,050,000
	Lab equipment's		44,139,114	26,639,253
	Kitchen Cuisine		1,020,000	-
	Fire extinguisher		285,000	-
			<u>196,423,722</u>	<u>123,705,711</u>
15.1	There is a land of 416 Kanal that belong to the PIMH. The Buildings sub Division has estimated the value of land which is approximately Rs. 33.280 billions. However, this is not a historical cost of the land. Hence, the cost of the land is not disclosed.			
15.2	The PIMH has various buildings in his territory i.e. admin block, garage, stores, OPD, addiction and ward buildings and there is no record regarding cost of buildings, due to limited record of buildings, the amount of buildings is not disclosed.			
15.3	The PIMH has various vehicles i.e 02 hiace van, 03 ambulances, 02 motorcycles, 02 tractors, 01 mazada, 01 suzuki loader, 02 car and 01 loader rickshaw.			
16	Current assets	Note	2023	2022
	Cash	9	210,345	180,598
	Stocks	16.1	125,530,848	80,833,480
	Receivables	12	1,396,337	1,883,110
			<u>127,137,530</u>	<u>82,897,188</u>
16.1	Stocks			
	Medical store		98,914,488	65,118,275
	Linen Store		15,618,416	3,970,989
	Diet store (non-perishable)		2,728,398	2,413,240
	General store		7,074,616	7,791,793
	Stationary Items		1,194,930	1,539,183
			<u>125,530,848</u>	<u>80,833,480</u>

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17	Current Liabilities	Note	2023	2022
	Operation liability	17.1	50,973,219	72,311,054
	Contractors' Securities	17.2	12,185,623	11,594,710
	Commitments		-	33,994,350
			<u>63,158,842</u>	<u>117,900,114</u>
17.1	Operation liability			
	Medicines		34,263,622	44,216,000
	Diet Charges		-	12,492,512
	Electricity		-	9,408,006
	Encashment Of L.P.R		9,838,840	1,809,000
	Cost of others		322,431	1,281,414
	Others		199,800	903,356
	Payment to Govt. Dept.		-	781,400
	Purchase of I.T Equipments		184,287	344,832
	Repair of machinery		1,023,728	310,964
	Pol charges		137,723	267,677
	Advertisement		-	245,765
	Bedding & Clothing		93,500	75,000
	Travelling allowance		-	52,479
	Repair of medical equipments		65,000	49,000
	NTC		-	25,710
	Medical waste		-	19,000
	Repair of transport		-	15,950
	Newspaper & Book		-	7,660
	Printing		-	5,329
	Uniform & protective cloth		187,500	-
	Other security		4,656,788	-
			<u>50,973,219</u>	<u>72,311,054</u>
17.2	Contractors' Securities			
	Diet		4,830,911	4,222,957
	Security Janitorial Services		3,395,043	-
	General Store Item		2,293,541	-
	Linen Store		1,161,000	-
	Medicine		-	7,371,753
	Printing & Stationary		228,793	-
	Laboratory Item		188,731	-
	Uniform Clothing		60,600	-
	Dental Item		27,004	-
			<u>12,185,623</u>	<u>11,594,710</u>

These financial statements have been prepared under cash basis of accounting, the information of assets and liabilities (refer to note 3.9 and 3.10) has been disclosed on the basis of limited records as explained in note 2.1.

18 Transactions with related parties

Related parties of the PIMH comprise of key management of the PIMH. The PIMH in the normal course of business carries out transactions with various related parties.

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Amounts due from / to related parties are shown under respective notes of these financials statement. Other significant transactions with related parties except those disclosed elsewhere are as follows:

Nature of transactions	Note	2023	2022
Relationship			
Executive director :			
Salaries		2,970,509	2,121,792
Other benefit		424,178	302,984
		<u>3,394,686</u>	<u>2,424,776</u>
Management :			
Salaries		28,313,039	20,223,599
Other benefit		253,400	181,000
		<u>28,566,439</u>	<u>20,404,599</u>
	18.1	<u>31,961,125</u>	<u>22,829,375</u>

18.1 Management are those persons having authority and responsibility for planning, directing and controlling the activities of PIMH.

19 Authorization date

These financial statements have been authorized for issue by the management of the PIMH on

Deputy Director Finance

Executive Director