



**Pakistan Institute of Public
Finance Accountants**

May Exam-2026

[07.May.2026] [09:30 – 12:15 pm]

Additional time – 15 min for Paper Reading

**Expenditure and Receipts/Income of all the Local Governments including
District Education/Health Authorities and Union Councils (Updated)
(Application)**

LFA

Marks-80

Subjective

Duration: 02 Hours 30 Minutes

[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- Start each question from fresh page.

Books Allowed:

1. Punjab Local Government Act (Updated)
2. Rules made under Local Government Act (Updated)
3. Sectorial Audit Guidelines (relevant to subject only).

Attempt all Questions

Q.1. AUDIT PARA: LAPSE OF BUDGET Rs. 4,000,000 DUE TO NON-SURRENDER IN TIME.

During scrutiny of the accounts records of the District Council, Sargodha for the year 2024-25, it was noticed that under Furniture Head, neither the full budget allocation was utilized nor surplus funds surrendered in time.

Head of Account	Allocation for the year 2024-25 (Rs.)	Expenditure for the year 2024-25 (Rs.)	Saving (Rs.)
Purchase of Furniture	10,000,000	6,000,000	4,000,000

As per rules, if saving of budget is more than 5% of allocation, it must be surrendered in time in order to be utilized somewhere else.

In this case Rs. 4,000,000 saving was noticed under purchase of Furniture Head, it was not fully utilized nor saving was surrendered in time, which resulted into lapse of the budget.

Audit desires the reason of lapse of Rs. 4,000,000 under purchase of Furniture Head.

(TP Khan)
Audit Officer

Required:

Write a suitable reply with full justification for settlement of Para.

10

Q.2. Union Council is a primary unit of Democratic System. Discuss.

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Q.3. Low spending on education is a main reason of low standards of education. Discuss.

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Contd.....

- Q.4.** Draft a requisite letter to Local Government for supplementary grant under the Budget Head Contingencies/Pay and Allowances with proper justification. **15**
- Q.5.** Identify the reasons of poor municipal service in Municipal Corporation and how to improve it? **10**
- Q.7.** What are the main receipts of District Councils? **10**
- Q.8.** Prepare the Draft Budget 2026-27 of Municipal Corporation Mianwali to be presented for approval. Assume necessary details. **15**
