



**Pakistan Institute of Public
Finance Accountants**

May Exam-2026

[07.May.2026] [02:30pm – 05:15pm]

Additional time – 15 min for Paper Reading

**Public Works Accounts Rules & Procedures and Local Governments Works
Rules & Procedures (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:

- CPWA Code
- CPWD Code
- Book of Forms referred in CPWA code
- Audit Code (Only relevant chapters)
- Account Code Vol. III (Only works relevant portion)
- Financial Audit Manual and Sectoral Audit Guidelines (Only portion relevant to the subject)
- Chart of Accounts
- Scheme of departmentalization of accounts of Pak PWD
- Revised System of Financial Control and Budgeting/Delegation of Financial Powers Rules (only rules relating to works)
- Scheme of Departmentalization of Pak PWD relating to accounts of audit only
- The Punjab Local Government Business Rules
- Withholding Tax Rates
- The Punjab Local Government Act
- The Punjab Local Government Works Rules
- The Punjab Local Governments Accounts Rules
- The Punjab Local Government Budget Rules

Attempt all Questions

Q.1. Prepare 2nd Running Bill of **M/s. Musa** Government Contractor for “Construction of Roads” paid vide Vr. No. 73 dated 23.08.2025 from the following data: **30**

Sr. No.	Item of Work	Unit	Rate Rs.	Upto date Quantity	Quantities paid in last bill
1.	Dismantling Brick Soling	%cft	6,560	6,800 cft	6,000 cft
2.	Dismantling R.C.C 1:2:4	%cft	18,900	4,800 cft	2,800 cft
3.	Dismantling Road Pavement	%cft	3,860	18,000 cft	27,000 cft
4.	Earth work embankment	%cft	18,010	58,000 cft	18,500 cft
5.	Relaying of material as sub base	%cft	7,900	19,000 cft	9,200 cft
6.	P/L sub base	%cft	18,500	22,000 cft	7,200 cft
7.	P/L brick edging	Per Rft	160.80	9,600 Rft	4,600 Rft
8.	P/L base course	%cft	19,500	59,000 cft	19,000 cft
9.	P/L plant premixed bituminous carpet 4% Bitumen	%Sft	20,800	45,000 Sft	-
10.	Painting traffic lane 5" wide with reflective chlorinated rubber (CR) paint.	Per Rft	83.70	9,200 Rft	-

- (i) Mobilization Advance of Rs. 13,000,000 was given in 1st Running Bill without interest. Recovery of 1st installment @ 25% of the total Value of Work done upto 2nd Running Bill is to be made in this bill.

Contd.....

- (ii) Secured Advance of 70,000 cft crush stone was given in last bill at market rate of Rs. 15,500 %cft which is to be adjusted in this bill.
- (iii) Secured Advance against 30,000 cft crush is to be given in this bill on market rate of Rs. 15,400 %cft.
- (iv) Deduct Security Deposit @ 10% and Income Tax @ Rs. 9%.

Q.2. A PWD Division of Local Government paid 27,000 cft quantity for the item “Dismantling of Road pavement” @ Rs. 3,860 per %cft to the contractor instead of 18,000 cft in first running bill paid on 22.01.2025 and subsequently recovered in 2nd Running Bill. **15**

Required:

Calculate the recovery of interest @ 12% on 23.08.2025 at the time of payment of 2nd Running Bill for issuance of audit observation during local audit on account of undue benefit to the contractor without any work done.

Q.3. Describe the procedure for following transactions and the name of heads of account in which these will be recorded in the final adjustment:

- (a) Expenditure incurred on Deposit Works in excess of deposit received **05**
- (b) Sales on credit **05**
- (c) Losses, retrenchments, errors etc. **05**
- (d) Other items **05**

Q.4. State your comments, if any of the following entries appearing in the Public Works Account of a Local Government:

- (a) The counterfoil of one cheque form in a completed cheque book was left blank. The SDO who used the book explained it by saying that the foil of the cheque was spoiled and was therefore, removed by him and destroyed. **07**
- (b) During Audit of final bill after finalization of the account of work an overpayment of Rs. 400,000 was established from the contractor. How the recovery would be made from the contractor? The security deposit is still to be released to the contractor. **08**
