



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Punjab Local Government
Act and Rules Framed
There under (Updated)
(Application)**

LFA

Summer Exam-2024

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Punjab Local Government Act and Rules Framed There under (Updated) (Application)

Q.1. Ref: Rule-40 Payments of Works- Punjab Local Govt. Accounts-mRules-2017

a 40. **Payment for works.**- (1) No payment for a work shall be made until:

- (a) administrative approval has been obtained from the competent authority in each case;
- (b) technical sanction of the detailed design and estimate has been accorded by the authority empowered to sanction;
- (c) funds to cover the expenditure during the year have been provided in the budget; and
- (d) the drawing and disbursing officer, head of offices and Chief Officer shall ensure that:
 - (i) the claims submitted for payment are valid claims for the works actually executed at site in accordance with the specifications and agreed quantity, or the service actually rendered to the entire satisfaction of the drawing and disbursing officer or the supply of goods actually made in accordance with the agreed quality and quantity and entered in the relevant books or register of accounts and there is no reason to stop the payment; and
 - (ii) the certificate to that effect shall be recorded on the claim voucher for payment as evidence for pre-audit purpose.

(2) The following key internal controls shall be observed in processing of works:

- (a) all bills shall be signed by the contractor and verified by the engineer-in-charge and the sanctioning authority.
- (b) the engineer shall ensure that:
 - (i) the claims submitted for payment are valid for the works actually executed at site in accordance with the specifications and agreed quantity, or the service actually rendered to the entire satisfaction of the District Authority or the supply of goods actually made in accordance with the agreed quality and quantity and entered in the relevant books or register of accounts and there is no reason to stop the payment; and
 - (ii) the certificate to that effect shall be recorded on the claim voucher for payment as evidence for pre-audit purpose;
- (c) supporting documents accompanying the bill are valid, duly authenticated and signed by the relevant officer;
- (d) the claim has not been previously paid;
- (e) identify the head of expenditure to which the amount is chargeable; and
- (f) the funds are available to pay the bill.



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Q.2. Rule: 5 to 14 PLG- (Auctioning & Collection Rights Rules)-2016

5. Auction procedure.-

(1) The local government shall:

- (a) award the contract through the public auction; and
- (b) issue a public notice, in at least two national daily newspaper one in Urdu and one in English, through the office of the Director General, Public Relations, Punjab minimum seven days prior to date of auction; or
- (c) past a copy of the public notice at conspicuous place of the area and at notice board in the office of the local government; or
- (d) announcement of auction by beat of drum and other local means.

(2) The public notice shall contain:

- (a) the date, time and venue of auction;
 - (b) specification of the major terms and conditions for participating in the auction;
 - (b) the reserve price for auction, period of contract, notified rate of tax or fee and other necessary details
- (3) For each time for conduct auction, the publication of public notice is compulsory and no alternative dates shall be given in the public notice.

6. List of participants.- (1) On date and time of auction, the list of participants, eligible for participation in the auction and who have deposited the earnest money, shall be prepared and signed by the Mayor, Chairman or an authorized officer of the local government.

(2) The name, address and computerized national identity card number of each participant, mentioned under sub-rule (1), shall be recoded on the list and attested copy thereof shall be kept in the record.

7. Auction committee.- The local government shall notify an auction committee for conducting the auction with the approval of the House.

8. Statement of bid.- (1) Before starting the auction, terms and conditions of the contract shall be announced and the copy of such terms and conditions shall be delivered to the participants of auction.

(2) A statement of bids shall be:

- (a) prepared in the presence of the participants of auction;
- (b) signed by the convener of the auction and members of the auction committee; and
- (c) signed by the highest bidder in a column against which the amount of his bid is written.

CHAPTER III

9. Manner for awarding contract.- The contract shall be awarded to the highest bidder through an open bid by adopting the procedure of auction as laid down in Chapter II.

10. Reserve price.- (1) The reserve price for an income shall be determined by average actual income of the respective local government received for last preceding three years.

(2) If an income introduced by a local government for first time, the assessed and expected income as provided in the budget from the source shall be the reserve price for the income from that source.



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11. Attempts to award the contract.- At least three attempts shall be made to award the contract through open bid, equal to the reserve price or more, by the administration of local government before the commencement of financial year.

12. Acceptance or rejection bid.- (1) The bids for collection rights received in auction, if less than the reserve price, shall be rejected by the Mayor or Chairman and the local government.

(2) The bids if rejected under sub-rule (1), the collection rights shall be put for re-auctioned in the prescribed manner.

(3) The highest bid, equal to reserve price or above, received in auction and recommended by the respective Mayor or Chairman, shall be placed before the House within ten days of receipt of bid for approval.

(4) The highest bid, received under sub-rule (3), shall:

(a) reasonably justifiable; and

(b) not have scope of further enhancement in view of the local government.

(5) The House shall approve or reject the bid duly recommended by the Mayor or Chairman under sub-rule (3).

(6) The House shall record the reasons of rejection in writing, if highest bid, received under sub-rule (3), is rejected by it.

(7) Subject to sub-rule (8), if the local government concerned accepts a bid for collection rights and enters into an agreement with the contractor, it shall not repudiate the agreement.

(8) If the Government is satisfied that the auction has not been conducted in accordance with the rules or in a transparent manner, it may repudiate the agreement through a speaking order.

13. Acceptance of bid below the reserve price.- If the bid is not received equal to or above the reserve price in three attempts, the Mayor or the Chairman shall place the matter before the House to:

(a) examine the reasonability of the bids; and

(b) decide acceptance or rejection of the bid after recording reasons of its rejection or acceptance.

14. Intimation of acceptance of bid.- (1) As soon as the approval from the House about the acceptance of bid is received, the local government shall:

(a) communicate the acceptance of bid by a letter to contractor on his postal address provided by him at the time of auction through:

(i) courier service or special messenger; or

(ii) any other means of communication deemed appropriate to the contractor; and

(b) direct the contractor to enter into written agreement; and

(c) fulfill his obligations in accordance with the terms and conditions of contract.

(2) The cost of written agreement, signed under the rules, shall be borne by the contractor.

(3) The bid shall be automatically stand cancelled and the deposits made by the contractor stand forfeited and be presumed that the contractor is no more interested in the contract, if he fails to:

(a) turn up to deposit dues as per the terms and conditions of auction; or

(b) enter into written agreement within three days of the communication made under sub-rule (1).

(4) If contractor fails to deposit dues or enter into agreement under sub-rule (3), the collection rights shall also be put to re-auction.



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Q.3. Rule : 3,4,5 PLG Property Rules 2018

Management of property. The local government, with the approval of the House, shall take such steps as may be necessary for purposes of effective administration and management of its property in the best public interest and to accomplish the purposes of the Act.

4. Responsibilities of the Manager. - (1) The Manager shall:

- (a) take such care of the property of the local government as a man of ordinary prudence would take care of his own property of like nature and under similar circumstances;
- (b) administer the property as a trust for the optimum benefit to the public;
- (c) take steps to ensure that the property meant for use of the public is actually used for that purpose in the best possible manner;
- (d) ensure that the rented property fetches the maximum rent;
- (e) prevent the impairment of the value and utility of the rented property;
- (f) prevent use of the property for any purpose and in any manner other than the specified purpose and the specified manner;
- (g) take necessary steps for the repair of all the buildings;
- (h) keep the Department informed of the status or any change in the status of the property, through the Chief Officer and the Mayor, or as the case may be, the Chairman of the local government or the Secretary of the Union Council concerned;
- (i) keep in safe custody all the title deeds and other documents relating to the property along with the duplicate copies of such title deeds or documents;
- (j) protect the boundaries of the land as demarcated;
- (k) maintain the prescribed registers;
- (l) be vigilant about encroachments on, or wrongful occupation of, the property and in case of encroachment or wrongful occupation, take necessary steps for the removal thereof; and
- (m) prevent the property against nuisance, damage or misuse.

(2) The Manager shall be personally responsible to the local government for any loss, destruction or deterioration of the property, if such loss, destruction or deterioration is caused as a result of his default or negligence in the discharge of his responsibilities.

5. Maintenance of property. - (1) In case any difficulty arises in the maintenance of the property, the Manager shall immediately report the matter to the Mayor or, as the case may be, Chairman and the Mayor or Chairman shall, within a week of the receipt of such intimation, call a meeting of the House for resolving the difficulty.

(2) The concerned officer of the local government shall maintain, in the prescribed manner, the following registers of:

- (a) Immovable property (P-I).
- (b) Nazul Property (P-II).
- (c) Rent Demand and Collection (P-III).
- (d) Demand and Collection of the arrears (P-IV).
- (e) Public Roads and Streets (P-V).



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Q.4. Rule-15, 16 District Education authorities (Conduct of Business)Rules 2017.

- 14. FUNCTIONS OF DISTRICT EDUCATION OFFICER (Literacy).-** The District Education Officer (Literacy) shall facilitate and coordinate with the Authority for enabling it to run on-ground operations and make functional all vertical interventions of the Government through the administrative department.
- 15. Function of District Education Officer (Literacy).-** The District Education Officer (Literacy) shall:
- (a) facilitate and coordinate with the Authority for enabling it to run on-ground operations and make functional all vertical interventions of the Government through the concerned department;
 - (b) act as drawing and disbursing officer for the funds of projects run by or under the administrative department;
 - (c) provide the requisite information and reports to the administrative department; and
 - (d) comply with the instructions and policies of the Government.

Q.5.
a

S.NO	DESCRIPTION	On 1.7.2023	Expenditure Up to 28.2.2023	Extra Budget Required
1	Pay	106,920,000	98,467,450	147,701,175
2	HRA	83,537,000	80,634,580	120,951,870
3	Electricity	6,400,000	5,990,000	8,985,000
4	Purchase of Equipment & Machinery	21,348,000	19,565,700	29,348,550
5	Purchase of Furniture	15,320,000	12,580,320	1,870,480
TOTAL		233,525,000	217,238,050	92,332,075

Q.5. To The Secretary
b Local Government Department,
Government of Punjab,
Lahore.

**SUBJECT: SUPPLEMENTARY GRANT OF RS. 92,332,075/- FOR DISTRICT
COUCIL, VEHARI FOR THE YEAR, 2022-23.**

It is brought to your notice that, the allocated budget of district Vehari is in sufficient to pay its pay and allowances to its employees in the current year.

Therefore, to avoid the irregularity of excess payment or stoppage of salaries, it is requested that, to take up the matter with the Finance Department for allocation of the supplementary budget of Rs. **RS. 92,332,075/-** in the current year. (the details of supplementary allocation are detailed in annexure-A)

Yours Faithfully
(XYZ)

Chairman, district Council, Vehari



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Q.6. Rule: 18- LG Property Rules 2018

within fifteen days of the receipt of the case, approve or reject the auction proceedings.

(12) If the House rejects the auction proceedings, the committee shall conduct fresh auction of the immovable property in accordance with this rule.

(13) In case the successful bidder fails to make payment of dues within the stipulated period, the local government shall forfeit the earnest money and refer the case to the committee for fresh auction.

(14) After approval of the auction, the successful bidder shall deposit the rent of the first year within ten days of the communication of approval of auction and execute a lease deed with the local government.

(15) The local government shall, within ten days of the deposit of the rent for the first year and the execution of the lease deed, hand over the possession of the immovable property to the lessee.

(16) For subsequent years of lease, the lessee shall pay the rent in advance in the month of January each year.

(17) There shall be an automatic increase of the existing rent at the rate of ten percent for each year.

(18) The lessee shall also pay any other charges levied by the local government.

(19) In case of default in payment of advance rent in the month of January, a penalty at the rate of fifteen percent per annum shall be charged in addition to the rent and the lease deed shall automatically stand cancelled in case the payment of the rent is not made within ninety days from first day of January of that year.

(20) The maximum period of lease of immovable property under this rule shall not exceed twenty five years but the initial period of lease shall not exceed fifteen years.

(21) On a request from the lessee, the period of lease may be extended not exceeding ten years at one time, but total period of initial and extended lease shall not exceed twenty five years.

(22) The local government and the committee shall complete the process of fresh auction of the immovable property at least three months prior to the expiry of the maximum period of lease and shall complete the process before the expiry of that period.

(23) On the expiry of the initial or extended period of lease, the local government may, on the request of the lessee, further extend the period of lease but in no case the total period shall exceed thirty years, on the current market rent assessed by the District Rent Assessment Committee notified by the Board of Revenue, Punjab and approved by the House.

(24) In case of a fresh auction of the immovable property due to the expiry of the lease period, the former lessee shall have the first right of refusal if he has paid the outstanding dues, if any, and has participated in the auction.

(25) In case, the former lessee fails to exercise his option under sub-rule (24), he shall, within thirty days from the date of offer for exercise of option to the first right of refusal, remove the structure, machinery or equipment constructed or installed at the immovable Property at his own cost and hand over the vacant possession to the local government.

(26) If the outgoing lessee fails to remove the structure, machinery, or equipment from the land within the stipulated time, the local government, at the risk and cost of the outgoing lessee, shall remove the same and hand over the possession of the vacant land to the successful bidder and recover the cost of



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8. Lease of property for petrol pumps etc.- (1) The local government shall grant lease of immovable property through public auction in accordance with the procedure prescribed in rule 9 for purposes of the establishment of a petrol pump, CNG station, LNG station or service station.

(2) Unless, specifically provided otherwise, the following categories of immovable property shall be deemed to have been expressly excluded from the purview of lease under this rule:

- (a) property reserved or earmarked for public purposes;
- (b) property reserved or earmarked for allotment under permanent schemes;
- (c) all mines, minerals and quarries including all substances of mineral nature which may be excavated from the earth, whether on the surface of or under the land with liberty to search for, work and remove the same, as full or any part thereof as if the tenancy had not been granted;
- (d) all rivers and streams with their beds and banks; and
- (e) all watercourses and drainage channels, and all public thoroughfares existing or to be constructed in future as shown in the plans which shall be open for inspection at the office of the local government.

(3) The size of a plot to be leased out under this rule shall not exceed eight kanals in the rural area and two kanals in the urban area.

(4) Notwithstanding anything contained in this rule, the limit on the size of the plot shall not apply to the sites of petrol pumps, CNG stations or service stations leased out before coming into force of the rules.

(5) The relevant committee constituted under rule 8 along with the concerned Excise and Taxation Officer shall conduct the auction of lease of immovable property under this rule.

(6) A local government shall identify the immovable property for auction under this rule and refer the matter to the House for permission.

(7) The committee shall assess the market rent of the immovable property on the basis of recommendations of the District Rent Assessment Committee notified by Board of Revenue, Punjab.

(8) The Committee shall, with the approval of the House, treat the assessed rent as the base rent for obtaining bids in the auction.

(9) Every bidder shall, before the commencement of auction proceedings, deposit one-fourth of the base rent as earnest money in the form of pay order favouring the local government.

(10) The local government shall retain the earnest money of the successful bidder as security during the successful completion of the lease period.

(11) The committee, after completion of the auction proceedings, shall, within ten days, forward its recommendations to the House and the House may,



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Q.7. Ref: Rule-8 Punjab Union Councils (Accounts) Rules 2017.

Responsibilities of the Chairman. (1) The Chairman shall

- (a) the principal accounting officer of the union council;
- (b) accountable to the Public Accounts Committee;
- (c) responsible for maintenance of accounts and financial discipline in the union council; and
- (d) responsible for compliance of the provisions of the Public Accounts Committee.

In the discharge of his responsibilities, the Chairman shall

- (a) the accounts of the union council are maintained correctly and efficiently;
- (b) the annual accounts of the union council are countersigned by the Chairman and sent to the Government by 15th July of each year;
- (c) the internal controls and management of the funds and expenditure are on ground;
- (d) any sums due to the union council are promptly realized and credited to the local fund;
- (e) the amount credited to local fund, as reported by the Union Secretary, are reconciled and verified with the record on monthly and annual basis;
- (f) the procedures for generation, control and evaluation of bills and demand notices required under rules are followed; and
- (g) the participation in the meetings of the Departmental Accounts Committee, Special Departmental Accounts Committee and Public Accounts Committee.

Apart from this, the Chairman has to carry out the development works in the Union Council jurisdiction to raise the standards of people living there.

He must strive hard to make various development projects, get them approved and try for obtaining maximum development budget. The proactive role of Chairman to improve the lives of his Union council's residents is essential.
