



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Accounting, Reporting, Pre-
Audit and Internal Audit System of
Local Governments (Updated)
(Application)**

LFA

Winter Exam-2025

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Q.1. a	Date of Appointment	10.05.1998
	Date of Retirement	15.9.2025
	Total Service	26 YEARS 3 MONTHS 08 DAYS
	Less Study Leave +EOL= 2 years 3 months	Net service= 24 years 08 days
	Leave earned	1153 days
	Umrah	16 days
	Hajj	61 days
	Net Leave available	1,076

Q.1. b	Maximum payable 365 days	1,602,720
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Q.2.	Cost of Project	500,000,000	
	5 years Target	500,000,000	
	1 year target	100,000,000	
	Per day target	273,972.60	
	No. of Light vehicles	500	
	Suppose fix T. Rate Rs. 200/- Rev./day	100,000	Annual Rev.LTV = 36,500,000/-
	Remaining Rev. Requirement/day	173,973/-	Annual Rev. HTV=63,875,000
	No. HTV	500	
	Rev. target/ HTV	350/-	
		Total Revenue/annum	100,375,000
	5 years Revenue	501,875,000	

Q.3.	S. No.	Detailed Heads	Revised Budget 2024-25	Expenditure 2024-25	Savings(-)/Excess(+)	%
	1	Pay of Officers	95,712,000	94,997,000	-715,000	-0.747032765
	2.	Allowances of officers	72,834,000	72,560,000	-274,000	-0.37619793
	3	Pay of staff	31,598,000	30,958,000	-640,000	-2.025444648
	4	Allowances of Staff	14,350,000	12,059,000	-2,291,000	-15.96515679
	5	Utility charges	7,350,000	7,000,000	-350,000	-4.761904762
	6	POL	2,349,000	2,087,000	-262,000	-11.15368242
	7	Purchase of Tool & Plants	7,800,000	7,780,000	-20,000	-0.256410256
	8	Purchase of Machinery	7,435,000	7,425,000	-10,000	-0.134498991
	9	Purchase of Furniture	15,000,000	14,989,000	-11,000	-0.073333333
	10	Others	5,700,000	5,699,500	-500	-0.00877193



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Explanations:

1. Allowances of Staff = (-15.96515679 0- Saving occurred due to some posts were vacant but ban was imposed on new appointments
2. POL= (-11.15368242)= Govt reduced the rates of POL due to decline in international market

Q.4.	Cash Book Bal. Rs.	Debit	Credit	
	Un-presented cheque	-	504,542	13,856,485
	Bank Profit	-	234,000	14,361,027
	Donations	-	3,235,980	14,595,027
	Dishonoured Cheque	-	2,132,344	17,831,007
	Bank Deduction	1,000	-	19,963,351
	Tax on Bank Profit	46,800	-	19,962,351
				19,915,551

- Q.5.
1. Internal System makes the internal controls effective
 2. Operational efficiency is improved
 3. Fraud detection is carried out immediately
 4. Compliance of orders and other operational objectives are carried out promptly
 5. The increase of s confidence of stake holders
 6. Internal Audit is whistle blower against any irregularity, misappropriation, fraud, defalcation and operational risk.

Q.6.	Vehicle Type	No. of vehicles	Ticket Rate Rs.	Rev./day Rs.	Annual Rev. Rs.
	HTV	5000	100	500,000	182,500,000
	LTV	4000	50	200,000	73,000,000
				Total Rev.	255,500,000

- Q.7 We are thankful to the Internal Audit for reminding us about precarious conditions of our operational vehicles.

Due to budgetary constraints, whole the cleanliness and hygiene operation is being carried out through these vehicles.

The matter has been pointed out to the Local Government Department, Punjab for a financial grant of Rs. 500,000,000/0 for replacement of our operational vehicles.

Meanwhile quotations have been invited for auction of 10 vehicles. These will be replaced with new vehicles from the auction proceeds and addition of funds from our own resources.

The efforts are in progress to replace all the 25 years vehicles with new vehicles soon.

- Sd-
Chairman
Municipal Committee, Faisalabad



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Q.8

Audit Para	Departmental Reply
<p><u>Wasteful Expenditure of Rs. 2,000,000/- on purchase of Defective Furniture.</u></p> <p>During the audit scrutiny of the accounts records of the District Education Authority, Layyah it was noticed that furniture worth Rs. 50,000,000/- was purchased during the year 2024-25 for supply to various institutions in the district.</p> <p>A physical verification comprised of three officers was formed to verify physically the supply of furniture.</p> <p>The Committee rejected the furniture worth Rs. 2,000,000/- (Details in Annexure-A). Its defects were inferior quality wood and Formica sheets were not properly pressed etc.</p> <p>Despite, observations of Physical Verification Committee, the Finance Section released the payment of contractor.</p> <p>In Audit view, the expenditure stands wasteful.</p>	<p>It is to state that, the Physical Verification Committee pointed out the faults in the furniture. Which were of a minor in nature.</p> <p>Stern Warning was issued to the Contractor, for forfeiture of Earnest Money and Black listing in Education Department, Punjab.</p> <p>Then contractor removed all the defects, the delivery was as per specification and satisfaction of the Physical Verification Committee.</p> <p>A certificate was issued by Physical Verification Committee about satisfactory supply of furniture. Audit is requested for verification and settlement of Audit para.</p> <p style="text-align: right;">-Sd- Accounts Officer</p>
