



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Rules and Regulations for
Audit and Inspection of Accounts
(Application)**

KPG (LFA)

Winter Exam-2025

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Q.1. Rule-50 KPK-Agriculture Produce Market Rules 2011.

There is a concept of Boards of Arbitrators. The Board is comprised of five members, including the Chairman, who shall be a grower, all to be appointed by Government, out of a panel of names recommended by the District Officer Agriculture and the Chairman, market committee concerned.

The Secretary of the market committee concerned shall act as the Secretary of the Board.

Functions of Board of Arbitrators. ---

- i. Where any dispute arises between buyer and seller of agricultural produce of any kind, including disputes regarding the quality or weight or price of the agricultural produce, regarding the allowances of wrapping for containers, for dirt or for impurities or about deductions to be affected due to any reasons or in regard to unfixed bargain (mudda), the party or parties aggrieved may refer the dispute for settlement thereof in accordance with the provision hereinafter provide:
- ii. Provided that the Board of Arbitrators shall not entertain any dispute pertaining to unfixed bargain (mudda), where a written agreement has not been executed between the buyer and seller.
- iii. The party aggrieved shall submit a written application on a judicial paper, bearing a Court-fee stamp of fifty rupees addressed to the Chairman of the Board giving therein the name or names of the other party or parties to the dispute, the cause of the dispute and the nature of relief claimed.
- iv. The fees shall be payable by the party referring a dispute to the Board.
- v. Every meeting of the Board of Arbitrators shall be called and presided over by the Chairman.
- vi. A Board of Arbitrators shall be competent to order the costs involved in a case to be borne by one or both the parties in any proportion considered reasonable by the Board.
- vii. The Board shall make every endeavor to ensure that a dispute referred to it is to be decided within one month of the reference made to it.
- viii. (x) All proceedings and decisions of the Board shall be in writing and a regular record thereof shall be maintained by the Board.
- ix. (xi) Every proceeding before a Board of Arbitrators shall be deemed to be a judicial proceeding within the meaning of sections 193 and 288 of the Pakistan Penal Code, 1860 (Act No.XLV of 1860).
- x. (vii) A Board of Arbitrators shall be competent to order the costs involved in a case to be borne by one or both the parties in any proportion considered reasonable by the Board.

Q.2. AUDIT PARA: PILFERAGE OF RS. 250,000/- FROM INSTALLATION OF HAND PUMPS.

During the scrutiny of accounts records of the Kabgani Union Council for the year 2024-25, it was revealed that the budget allocation for the development scheme “ Installation of 100 Hand Water Pumps at various points within the Union Council Premises” was approved by the Executive Council. The approved cost of each Hand Water Pump was Rs. 20,000/- . Total allocation of Rs. 2,000,000/- was provided to the Union Council for execution of work.

The MB Register showed the recording of 85 hand pumps measurements and Cash book showed the expenditure of Rs. 2,000,000/- Thus, 15 Hand Water Pumps were installed less



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than approved budget amounting to Rs. 300,000/- In this situation, the pilferage of Rs. 300,000/- can't be rule out.

The Audit desires to investigate the matter and recover the pilfered amount and take action against the officials at fault under intimation to Audit.

(XYZ)

Audit Officer (DLFA,KPK.)

Copy forwarded to the

- (i) PS to the Secretary, Local Government, Government of KPK, Peshawar.

(XYZ)

Audit Officer, DLFA (KPK,)

Q.3.

Amount in PKR

| | |
|------------------------|-----------|
| Monthly Pension | 210,000 |
| Annual Pension | 2,520,000 |
| Annual Interest Income | 2,000,000 |
| Annual Rental Income | 1,200,000 |
| Taxable Income | 3,200,000 |
| Tax on Bank profit 20% | 400,000 |
| Tax on Rent 15% | 180,000 |
| Total Tax | 580,000 |

Q.4.

Office of the DLFA is an Audit office of the Local Government.

Its mandate is pre-audit and post of the Local Government's entities. Viz; Metropolitan Corporations, Municipal Corporations and District Councils funds. Funds of big organizations are pre audited before making expenditure and Union Council funds are post audited.

The representatives of DLFA as ADLFAs and Audit Officers as well as Auditors are permanently posted at big organizations.

They are responsible for making efficient Financial Management and bring financial discipline among the corporations.

It is also in their mandates to compel the Management of Local Government organizations to follow the internal controls and prescribed SOPs in their operational work to avoid the risk.

They are whistle blowers, to apprise the DLFA office and Finance Secretary of the province, if any major violation/ breach of the rules has occurred or they unearth any major misappropriation of defalcation of Government funds.



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Q.5. Matters to be considered by the Court in appointing guardian.-

1. In appointing or declaring the guardian of a minor, the Court shall, subject to the provisions of this section, be guided by what, consistently with the law to which the minor is subject, appears in the circumstances to be for the welfare of the minor.
2. In considering what will be for the welfare of the minor, the Court shall have regard to the age, sex and religion of the minor, the character and capacity of the proposed guardian and his nearness of kin to the minor, the wishes, if any, of a deceased parent, and any existing or previous relations of the proposed guardian with the minor or his property.
3. If the minor is old enough to form an intelligent preference, the Court may consider that preference.
4. The Court shall not appoint or declare any person to be a guardian against his will.

Q.6. SECTION B.—CONDITIONS OF MAINTENANCE GRANTS.

11. Maintenance grants are of the following kinds, Maintenance Grants.
by or all of which may be earned in the same school :—

- (a) block grants, for attendance, instruction, etc ;
- (b) staff grants ;
- (c) provident fund grants ;
- (d) boarding house grants ;
- (e) special grants.

12. Application for maintenance grants for consideration in any given school year shall be submitted to the Inspecting Officer in the prescribed form (Appendix II) before 1st of September. The Inspector shall make all necessary enquiries regarding such applications on the occasion of his visit to the school during the following cold-weather season of inspection, and shall record his opinions and recommendations on the basis of these enquiries. The Inspecting Officer will forward the application and all similar applications received during the year from school authorities in his division, together with his opinions and recommendations and an estimate of the amount of grant required for the first year, after the close of his tour of inspection and before the 1st of July following, to the authority responsible for the payment of the grant. The decision of that authority regarding the admission or



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16. A school in receipt of grant in one department, recognised or unrecognised, is open to inspection as laid down in Article 7 of this chapter; provided that it shall be no part of the duty of any one inspecting an aided school to examine any pupil, or to enquire into any instruction given, in religious knowledge;
- (l) that the books and periodicals purchased for use in the school are approved by the Department;
- (m) that the rules of this Code, so far as they are applicable to aided schools, are complied with.

16. A school in receipt of grant in one department, desirous of grant in respect to another department, submit a fresh application regarding the department in which grant is desired.

17. Block grants are based on attendance. For the purpose of awarding the block grant each department school shall be considered as a unit. The grant shall be based on the average attendance for the preceding three years or for such shorter period as the school or department has been in existence.

18. For the purpose of awarding grant a school shall be classified as either (a) excellent, or (b) satisfactory or fairly satisfactory, and in classifying a school the Inspector shall take into consideration the discipline and tone as well as the instructional state and general efficiency. A full grant, as prescribed in Articles 19, 20 and 25 shall only be awarded when the school in all its departments is classified as excellent; a school classified as fairly satisfactory shall be awarded 75 per cent. of the full rate; a school classified as satisfactory between 75 and 90 per cent. of the full rate. A rate below 75 per cent. shall not be awarded when the retention of the school on the list-in-aid is in question.



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Q.7. Causing damage to property and disobedience of orders.–

1. Whoever wilfully causes damage, or allows damage to be caused to any property which vests in the Authority or unlawfully converts it to his own or any other person's use, shall be punishable with imprisonment for a term which may extend to six months, or with fine or with both.
2. Whoever refuses or wilfully neglects to provide any officer or servant of the Authority with the means necessary for entering into any premises for the purpose of collecting any information or making an examination or enquiry in relation to any water works, shall be punishable with imprisonment extending to one year or fine or with both.
3. Whoever without lawful excuse, fails or refuses to comply with any direction or order issued by the Authority under this Act, shall be guilty of an offence punishable under Section 32.
4. Whoever attempts to commit or abets the commission of an offence punishable under this Act, shall be deemed to have committed that offence.
5. Any Magistrate empowered for the time being to try in a summary way the offence specified in sub-section (1) of Section 260 of the Code of Criminal Procedure, 1898, may if such Magistrate thinks fit, on application being made in this behalf by the prosecution, try an offence punishable under this Act, in accordance with the provisions contained in Sections 262 to 265 of the said Code.

Q.8.

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|--------------------------|-------------|
| Revenue for 2024-25 | 100,000,000 |
| Operational Expenses 30% | 30,000,000 |
| Gross Profit | 70,000,000 |
| 16% Sales Tax | 11,200,000 |
