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GOVERNMENT OF THE PUNJAB
LAW AND PARLIAMENTARY AFFAIRS DEPARTMENT

**NOTIFICATION
(66 of 2017)**

25 April 2017

The following Notification No. SOR (LG)38-7/2017, dated 19.04.2017 issued under Section 144 of the Punjab Local Government Act, 2013 (XVIII of 2013) for the Punjab District Authorities (Accounts) Rules 2017 is published for general information:

DR SYED ABUL HASSAN NAJMEE
Secretary
Government of the Punjab
Law and Parliamentary Affairs
Department

**GOVERNMENT OF THE PUNJAB
LOCAL GOVERNMENT AND COMMUNITY
DEVELOPMENT DEPARTMENT**

19th April, 2017

NOTIFICATION

No.SOR(LG)38-7/2017:-In exercise of powers conferred under section 144 of the Punjab Local Government Act 2013 (XVIII of 2013) and after previous publication, Governor of the Punjab is pleased to make the following rules:

**PART- I
PRELIMINARY AND DEFINITIONS**

1. **Short title and commencement.**- (1) These rules may be cited as the Punjab District Authorities (Accounts) Rules 2017.
 - (2) They shall come into force at once.
2. **Definitions.**-(1) In these rules:
 - (a) "Act" means the Punjab Local Government Act 2013 (XVIII of 2013);
 - (b) "accounts officer" means Accountant General, Punjab or, as the case may be, the District Accounts Officer.
 - (c) "Accountant General, Punjab" means Accountant General, Punjab Lahore responsible for maintenance of accounts and pre-audit of payments of a District Authority at Lahore and compile and consolidate monthly and annual accounts of District Authorities in the Province;
 - (d) "accounts committee" means Public Accounts Committee, Special Departmental Accounts Committee and Departmental Accounts Committee;
 - (e) "audit and inspection report" means a report of Auditor General Department with the observations raised during audit of the accounts of an Authority;
 - (f) "audit report" means a report of the Auditor General, Pakistan containing draft (printed) audit parasto be considered by Public Accounts Committee of Provincial Assembly of Punjab;
 - (g) "appropriation" means the amount provided in the budget estimates against a detailed object or part of that amount, placed at the disposal of a Disbursing Officer, to meet expenditure for a specific purpose or on specific item;
 - (h) "bank" means State Bank of Pakistan and National Bank of Pakistan acting as an agent of State Bank of Pakistan;

- (i) "budget and accounts officer" means head of office of budget and accounts of an Authority;
- (j) "Chairman" means Chairperson of the Authority;
- (k) "Chief Executive Officer" means the Chief Executive Officer of a District Authority;
- (l) "collecting officer" means the officer responsible for estimation and realization of receipts and income of a District Authority or an officer or an institution under the supervision and management of an Authority and designated as such by Principal Accounting Officer (PAO);
- (m) "current expenditure" means an expenditure which is not development expenditure;
- (n) "District Authority" means the District Education Authority or the District Health Authority, established under the Act;
- (o) "development expenditure" means an expenditure on development projects or an expenditure on new construction, entirely new work or addition and alteration to existing work, repairs to the newly purchased or previously abandoned buildings and works in ordinary use and includes expenditure on human resource development;
- (p) "drawing and disbursing officer" means an officer, designated as such by the principal accounting officer (PAO), who prepares estimates of expenditure and actually incurs expenditure and makes disbursement of amount so withdrawn, in respect of a District Authority, office or institution under the supervision and management of Authority.
- (q) "Forms" means the forms appended to the rules;
- (r) "institution" means an institution of Health or Education specified as cost centre and receives its separate budget from the District Authorities;
- (s) "local fund" means the Fund of the Authority;
- (t) "new accounting model" means the model prescribed by the Auditor General of Pakistan in terms of Article 170(1) of the Constitution of the Islamic Republic of Pakistan, 1973 and includes the accounting format, forms, principles, chart of accounts, accounting policies, procedures Manual (APPM) and APPM book of Forms and any other material relating thereto;
- (u) "principal accounting officer" means the Chief Executive Officer of a District Authority responsible for completing budget processes from formulation to utilization in the prescribed manner and accountable

to the Public Accounts Committee in respect of financial and budgetary matters of the District Authority, offices and institutions under the management and control of the District Authority;

- (v) "public account" means receipts and amount collected by a District Authority on behalf of other parties as trust for a special purpose and not available for appropriation;
- (w) "Public Accounts Committee" means the Committee of Punjab Provincial Assembly for reviewing appropriation of accounts and audit reports of the Authorities;
- (x) "receipt" means the cash collected by a District Authority against estimates of receipt object of code; and
- (y) "rules" means the Punjab District Authorities (Accounts) Rules 2016.

(2) An expression used but not defined in the rules shall have same meaning as assigned to it under the Act.

PART-II

CUSTODY OF LOCAL FUND, OPERATION OF BANK ACCOUNT, MAINTENANCE OF ACCOUNTS AND FORMS

3. Custody and Operation of Local Fund and Public Account.-

(1) The local fund and public account of a District Authority shall be maintained in the bank and shall be operated by the Accountant General, Punjab at Lahore and District Accounts Officer, in a District other than Lahore and the cash amount of a local fund and public account of a District Authority shall be kept in a separate bank account.

(2) The Pension Fund of local government employees adjusted in the District Authorities shall be maintained in Bank of Punjab or National Bank of Pakistan or any other Bank approved by the Government and shall be operated by the Chief Executive Officer and the budget and accounts officer jointly.

(3) All conditional grants shall be included in the budget and shall be utilized in accordance with the specified conditions.

(4) The District Authority may or if required by Government shall, maintain a separate bank account for any special purpose and shall be administered, maintained and regulated as the local fund of a District Authority.

4. Mode of Payment.- (1) The mode of making payments from local fund of a District Authority shall be that the payments:

- (a) upto rupees one thousand may be made in cash;
- (b) exceeding rupees one thousand shall be made through crossed non-negotiable cheque;

- (c) of salary to the staff of a District Authority shall be made through direct credited system (DCS) in their respective bank accounts;
- (d) of pension, as far as possible, shall be made through direct credited system (DCS) in their respective bank accounts;
- (e) against accrued liabilities, shall be made through crossed cheques and the cheque shall be collected by the payee in person or through authorized agent or, if so desired, may be sent through post.

(2) In case a cheque is not received by the payee or is lost or stolen, the notice to stop payment shall be given by the accounts officer to the concerned bank. A replacement cheque shall only be issued to the concerned payee on receipt of acknowledgement for non-payment from the bank.

(3) If a pre-audit cheque is not claimed or presented or paid within due date or after 30th June of the relevant financial year, it shall be stale and a new cheque shall only be issued on deposit of stale cheque by the payee to the Drawing and Disbursing Officer.

(4) The stale cheque shall be processed and marked as 'cancelled' and presented to accounts officer for issuing of a new cheque in lieu thereof and reverse entry shall be made in the relevant books of accounts against the cheque so cancelled.

5. Debt and investments.- (1) A District Authority shall not obtain any debt without prior approval of the Government.

(2) In case of surplus amount to immediate requirements of Pension Fund, a District Authority may:

- (a) invest such amount in a saving account or a fixed deposit account in a bank duly approved by the Government; and
- (b) invest such amount in such public securities or in such other manner as may be specified by the Government.

(3) The details of all investments shall be recorded in a register of investment and the statement showing the amount and nature of all investments shall be attached to the annual budget statement and annual accounts for information of a District Authority.

6. Securities.- (1) An employee, entrusted with the receipt, disbursement or custody of the money or property of a District Authority, shall furnish security of such amount as may be fixed by the District Authority.

(2) The security required be furnished under sub-rule (1) may be in form of cash, bond, hypothecation of property or fidelity guarantee policy and a personal security with two sureties.

(3) A security bond shall be executed on judicial stamp paper in all cases, except in the case of fidelity guarantee policy.

(4) In case of cash security, the amount shall be deposited in any scheduled bank or post office in the name or account of the concerned employee, duly pledged with the Authority and the amount of profit earned thereon shall be payable to the concerned employee, if any.

7. Maintenance of Accounts.- Subject to provisions of the Act, the accounts of receipts and expenditures of a District Authority shall be maintained in such form and in accordance with such principles and methods as given in new accounting model (NAM) duly prescribed by the Auditor General of Pakistan, from time to time:

- (a) the accounts of a District Authority shall be maintained on double entry book keeping system or Single Entry System, as the case may be;
- (b) all transactions in the accounts shall be recorded in modified cash based accounting mode with commitment accounting;
- (c) the accounts record shall be maintained in English or Urdu, as determined by a District Authority;
- (d) the metric system of numeration shall be adopted;
- (e) all cash transactions shall be made in Pakistani Rupees;
- (f) sums due to a District Authority shall be paid in cash or through Pay Order or Bank Draft;
- (g) all receipts of a District Authority shall be collected through the bank;
- (h) all cash transactions shall be entered in Receipts Register and cash book as soon as they occur and attested in token of check;
- (i) the record relating to accounts shall be clear, explicit and self-contained, and no erasure or overwriting shall be made in any accounts register, book or form, and if any correction is to be made, it shall be made in red ink with dated initials of official making the correction and attested by next higher officer;
- (j) payment of approved claims of accrued liabilities shall be made only to the claimant as indicated on the claim voucher or bill;
- (k) the expenditures shall be set off against receipts;
- (l) no expenditure shall be paid from or against any receipt collected or received by a District Authority; and
- (m) all expenditures shall be recorded on gross basis against relevant appropriations and shall not be wholly or partly offset with receipts.

8. **Forms.**-The accounts of the Authority shall be maintained on the Forms appended to the rules or as prescribed in APPM and Book of forms by the Auditor General of Pakistan.

PART-III
RESPONSIBILITIES OF FUNCTIONARIES

9. **General.**-In case any loss accrued to a District Authority through fraud or negligence of a person or employee, the following shall be the responsibilities and liabilities of the person:-

- (a) a person functioning on behalf of a District Authority shall be personally responsible on his part and shall be liable to make good the loss;
- (b) the drawing and disbursing officer and payee of the pay, allowance, contingent expenditure or any other expense shall be personally responsible for any overcharge, fraud or misappropriation and shall be liable to make good that loss; and
- (c) A collector of tax, fee, rate, charge, surcharge of a District Authority shall be personally responsible for any overcharge, fraud, misappropriation or delay for crediting the amounts so collected to the account of the Authority and shall be liable to make good that loss arising from his culpable negligence.

10. **Responsibility of Chairman.**-The Chairman shall be responsible:

- (a) for maintenance of financial discipline in a District Authority;
- (b) for setting performance targets of a District Authority, in consultation with elected representatives of the local area, civil society and other stakeholders;
- (c) to review the performance of the offices and institutions of a District Authority in order to improve:
 - (i) economy, efficiency and effectiveness in service delivery;
 - (ii) transparency in revenue collection;
 - (iii) control over expenditure; and
- (d) to place annual accounts before the Authority.

11. **Responsibility of Chief Executive Officer.**- (1) The Chief Executive Officer shall be responsible for proper maintenance of departmental accounts and financial discipline of a District Authority, subordinate offices and institutions and shall be:

- (a) the principal accounting officer of a District Authority;

- (b) accountable for his assigned functions to the Public Accounts Committee;
- (c) responsible for compliance of directions of the Public Accounts Committee.
- (d) responsible for providing requisite assistance to the Chairman, for setting key performance indicators, performance evaluation and annual performance report on maintenance of accounts and financial discipline in a District Authority;
- (e) responsible to exhibit annual accounts of a District Authority and its subordinate offices and institutions for public information and objections and place those accounts alongwith public objections before the Authority through Chairman;
- (f) responsible for arranging internal controls in a District Authority;
- (g) responsible to arrange regular meetings of the head of offices, collecting officers and drawing disbursing officers to watch progress of compliance and disposal of audit objections;and
- (h) responsible for arranging adequate meetings of special departmental accounts committees and departmental accounts committees for the purpose.

(2) In the discharge of his responsibilities, the Chief Executive Officers shall ensure that:

- (a) the departmental accounts of a District Authority are maintained correctly and efficiently;
- (b) the internal controls and management of funds and expenditure are on ground;
- (c) any sums due to a District Authority are promptly realized and credited to the local fund;
- (d) the amount credited to the local fund, as reported by the accounts officer, are reconciled or verified with the records, on monthly and annual basis;
- (e) the procedures for generation, control and evaluation of bills and demand notices required under rules are followed;
- (f) that the action has been taken and recovery has been made against the embezzlement, defalcation or misappropriation in the accounts of a District Authority;
- (g) that the directions of the Public Accounts Committees are implemented in letter and spirit; and
- (h) the principles of financial propriety are observed.

12. Responsibility of budget and accounts officer.- The budget and accounts officer shall :

- (a) maintain the accounts of a District Authority;
- (b) monitor expenditure of the office of a District Authority against the approved budget:
 - (i) maintain and examine appropriation control register for each object of expenditure and record necessary entries of each transaction in the Register;
 - (ii) ensure that the expenditure is charged to relevant object code and remains within allocation;
 - (iii) prepare monthly and annual statement of receipts and expenditure and get them reconciled with the accounts of the accounts officer of a District Authority; and
 - (iv) maintain drawing and disbursing officer's cash book of receipt and expenditure of a District Authority and general cash book of a District Authority, its offices and institutions.
- (c) act as a focal person for external annual audit, preparation of annotations;
- (d) be responsible for implementation of directions of the Accounts Committees;
- (e) maintain the record relating to audit and minutes of the special and departmental accounts committee and Public Accounts Committee;
- (f) co-ordinate for reconciliation of accounts of the offices or institutions under a District Authority;
- (g) exhibit annual accounts of a District Authority, its subordinate offices and institutions for public information and objections and place those accounts alongwith public objections before a District Authority through Chief Executive Officer; and
- (h) perform as co-signatory with the Chief Executive Officer in operation of the Pension Fund.

13. Responsibility of respective head of offices or institutions of the Authority.- (1) The head of offices under the supervisory control of a District Authority, shall ensure that:

- (a) object-wise accounts of expenditure and receipt is kept and reconciled with the accounts officer;
- (b) funds are spent on activities in prescribed manner;
- (c) internal controls are effectively applied with no rate of financial irregularity;

- (d) no record or information or document to which the Auditor General of Pakistan has a statutory right of access, is withheld; and
 - (e) auditors are afforded reasonable facility in the discharge of their functions.
- (2) The respective head of offices shall be responsible:
- (a) for preparing, with the assistance of budget and accounts officer, annotation to the audit observations and audit paras and appear before the departmental accounts committee or special departmental accounts committee for explaining the audit observations or audit paras;
 - (b) for ensuring quality, quantity, rates, specifications and standard of the goods, services and works in making procurements; and
 - (c) for maintenance of departmental accounts, custody of record and books of accounts, including cash book.

14. Responsibility of collecting officer.- The collecting officer shall be responsible to:

- (a) prepare estimates of receipts for each object of income;
- (b) make assessment of fee, rate, charge and other levies, on periodical basis;
- (c) maintain demand and collection register of income;
- (d) collect receipts in the transparent manner and guard against misappropriation, fraud, embezzlement or compromise;
- (e) credit the revenues so collected against any demand into Local fund account and record necessary entries in demand and collection register, cash collection register and other relevant books of accounts;
- (f) prepare monthly and annual statements of demand and collection, reconciled with the accounts of accounts officer and prepares monthly and annual statements of receipt;
- (g) submit monthly and annual receipts, accounts to budget and accounts officer of a District Authority for record, reconciliation and consolidation of departmental accounts;
- (h) prepare statement of arrears on the close of each financial year, estimate the recoverable of the relevant financial year; and
- (i) prepare annotation of audit and inspection reports of receipts.

15. Responsibility of drawing and disbursing officer.-The drawing and disbursing officer shall be responsible to:

- (a) prepare estimates of expenditure of the concerned office;
- (b) maintain budget control register, record entries of each transaction therein against corresponding allocation and make assessment of expenditure likely to be made during the financial year and takes measures accordingly;
- (c) withdraw and disburse amount from local fund and public account in the prescribed manner;
- (d) maintain cash book, promptly record entries of each transaction of amount withdrawn, disbursed and credited to the local fund;
- (e) prepare monthly and annual statements of expenditure and reconciled with the accounts of the Accountant General, Punjab or the concerned District Accounts Officer;
- (f) submit monthly and annual expenditure accounts to budget and accounts officer for record, reconciliation and if required, for consolidation of departmental accounts;
- (g) prepare statement of outstanding payments on the close of each financial year, carrying them forward and include the same in the register of liabilities to be paid in the relevant financial year; and
- (h) attend audit and inspection reports of expenditure and promptly prepares annotation to the observations.

16. Responsibility of accounts officer.-(1) The accounts officer shall:

- (a) maintain day-to-day accounts of a District Authority, its offices and institutions, on chart of accounts (CoA);
- (b) perform pre-audit of all payments from the local fund and public account of a District Authority before authorizing disbursement of amount;
- (c) operate the bank accounts of a District Authority;
- (d) prepare monthly and annual statement of receipts and expenditure accounts of a District Authority its offices and institutions;
- (e) reconcile the monthly and annual appropriation accounts of a District Authority with the bank, budget and accounts officer, collecting officer and the drawing and disbursing officer;

- (f) transmit the annual statement of appropriation accounts of a District Authority, for the preceding financial year, to the concerned Authority and Accountant General, Punjab.

(2) The Accountant General, Punjab shall submit annual appropriation accounts of a District Authority and the Government by 31st August each year.

17. Relationship as to the Bank:-(1)The accounts officer of a District Authority shall interact with the bank for receipts, payment and reconciliation of cash.

(2) The accounts officer shall follow the procedure given in Accounting Policies and Procedure Manual (APPM) and shall obtain following returns from the bank, on daily basis:

- (a) Bank scroll;
- (b) paid cheques;
- (c) receipts paid challan;
- (d) transfer advices; and
- (e) cash balance statement.

PART-IV RECEIPTS OF AUTHORITY

18. Mode of collection of receipts.- (1)Except as provided in sub-rule (2), all receipts of a District Authority shall be collected through the bank and the:

- (a) sum due towards a District Authority shall be paid in cash or through a Pay Order or Bank Draft;
- (b) receipts shall be maintained in accordance with the chart of accounts' specifications;
- (c) record of the amount deposited into the bank shall be accompanied by a challan receipt ; and
- (d) revenue is reconciled with the books of accounts on the basis of challans receipts and verified through bank scroll.

(2) In exceptional circumstances, if authorized by a District Authority, the amount may be collected in cash in the following manner:

- (a) the officer receiving payment in cash shall be held personally accountable for the amount received till the satisfactory rendering of accounts and must maintain a proper record of the receipts;
- (b) the cash amount, Pay Order or Bank draft so received shall be acknowledged through receipt form (Form LA 2);
- (c) all receipts shall be written in figures and words with copying in duplicate by carbon process: the carbon copy shall be retained by the officer issuing the

- receipt and the original shall be handed over to the person making the payment;
- (d) all receipts shall be signed by the collecting officer himself;
 - (e) under no circumstances a duplicate copy of the receipt shall be issued but, if necessary, a certificate may be given by budget and accounts officer to the effect; and
 - (f) the collecting officer shall enter on daily basis, all receipts collected in cash into the cash collection register and deposit into the Local fund bank account against the challan form (Form LA- 1) and invariably enter them into Register of Receipts (Form LA- 3).

(3) All receipt books shall be kept in the following manner:

- (a) all receipt books shall be machine numbered printed by Government Printing Press and shall be kept in the personal custody of the budget and accounts officer;
- (b) the number of receipt forms contained in each receipt book shall be counted and recorded in the book at a conspicuous place under the signature of the budget and accounts officer;
- (c) the receipt books shall be issued in serial order and no new book shall be issued until all forms in the books have been used and the used counterfoils of the receipt book shall be returned to the budget and accounts officer;
- (d) at the end of receipt book, the collecting officer shall record a certificate to the effect that all the income recovered through the receipt book has been duly credited into the Local fund of the Authority and duly accounted for; and
- (e) the used receipt books shall be kept in the personal custody of the budget and accounts officer for record, audit and inspection.

19. Gazette notification of levies.-A District Authority shall not levy any tax, fee, cess, charge or any other levy for its local area for collection of revenue receipts, except through a Notification published in the Punjab Gazette.

20. Demand and collection register.- (1) The collecting officer shall maintain a demand and collection register (Form LA- 4) on the Forms appended to the rules.

(2) In case a District Authority levies a tax, rate, fee or any other charge for which periodical assessment is necessary, the demand shall be raised on approval of the same by the Chairman. In

other cases, the demand shall be raised in the beginning of a financial year.

(3) In case the amount is received against any demand, necessary entry shall be made in the demand and collection register and in the register of relevant receipts. All the withdrawals from the fund of a District Authority shall be immediately recorded in the drawing and disbursing officer's cash book.

(4) A statement showing progress of demand and collection shall be prepared, reconciled with the accounts officer and submitted to the budget and accounts officer, at the end of every month.

(5) At the beginning of each financial year, arrears of the previous year shall be carried forward and included in the demand for the year.

(6) The aggregate of monthly and annual total recoveries as per demand and collection register shall be reconciled with the corresponding figures recorded in the registers of receipts and classified abstract (Form LA-5) within one week of the close of relevant month and year.

(7) The receipts of a District Authority shall be collected in the transparent manner.

21. Receipt of money by banks.-(1) Three copies (of different color) of the Bank challan (Form LA-1) shall be accurately prepared by the collecting officer giving complete particulars of the receipt under his signature.

(2) The Bank on receiving receipts in the shape of cash, Bank Draft or Pay Order shall stamp the receipt challan and distribute the stamped challans in the following manner:

- (a) the payer shall receive the first copy;
- (b) the second copy shall be presented to the accounts officer; and
- (c) the third copy shall be forwarded to the collecting officer.

(3) No additional copies of challan receipt shall be provided of the original but, in the event of loss, if requested by the payer, a letter under the signature of budget and accounts officer may be provided by giving particulars of the challan receipt.

22. Recording of daily receipts by collecting officer.-(1) The collecting officer shall record the receipts, collected through Bank or in cash, in the Register of Receipts (Form LA-3).

(2) The challan receipt received from the bank shall be first checked for accuracy of the figures and shall be verified against the bank scrolls.

(3) On the basis of entries in register of receipts, a monthly list of receipts shall be prepared on Form LA-6.

(4) The collecting officer shall reconcile the receipts on (Form LA-7) with the accounts officer, on monthly basis.

23. Recording of daily receipts by budget and accounts officer:- On the basis of Forms LA-3, LA-6, LA-7 and LA-8, the budget and accounts officer shall maintain a general cash book (Form LA -9) and a classified abstract (Form LA-5), in consolidated form and reconciled on (Form LA-7A), on behalf of a District Authority.

24. Recording of daily receipts by accounts officer.-(1) The accounts officer shall maintain function-wise and object-wise sub-registers and a general cash book .

(2) The challan receipts along with bank scroll received from the bank shall be first checked for accuracy of the figures and the error, if any, shall be intimated to the bank with an advice for correction.

(3) At the end of each day, sum up of each receipt head from the head-wise sub-registers shall be posted to the general cash book.

25. Fiscal Transfers Receipts.-The accounts officer and budget and accounts officer shall promptly record the credits of fiscal transfers, and grants from the Government and other agencies, in the respective receipt heads.

26. Reconciliation of receipts with the bank.-(1) The receipts recorded by the accounts officer shall be reconciled on monthly basis with the accounts of the demands and collections recorded by the collecting officer of a District Authority.

(2) In case the receipts credited into the Bank, the budget and accounts officer shall compare the challan receipts with the entry in the demand and collection register before signing it.

(3) The budget and accounts officer shall obtain, from the accounts officer, a monthly list of receipts which shall be compared with the posting in the receipts register by tracing the entries in demand and collection register and cash collection register.

(4) If any misappropriation in credits is observed, the budget and accounts officer shall immediately inform the accounts officer for correction of the accounts.

Note 1: It is essential that the collecting officer's account shall not be compiled from the returns prepared by the accounts officer. The collecting officer shall maintain his accounts separately and independently. Both shall compare the accounts of their respective offices and verify the figures in Returns prepared for monthly and annual statement of accounts.

Note 2: The reconciliation of differences shall be carried out, as early as possible, especially in the case of returns for June, so that all corrections are included in the accounts of the year concerned.

Note 3: In order to reduce the difference or misclassification between the figures of accounts officer and those of the collecting officer, it is essential that the challans sent to the bank should bear full, complete and correct classification.

PART-V
EXPENDITURES OF AUTHORITY

27. General.- (1) The drawing and disbursing officer, expenditure sanctioning authority and the budget and accounts officer of a District Authority and the accounts officer shall ensure the implementation of following key steps in all expenditure transactions:

- (a) sanction of expenditure from a District authority competent to sanction it;
- (b) availability of funds under relevant object code of the charge;
- (c) purchase order or agreement;
- (d) claim voucher or invoice of the claimant;
- (e) preparation of claim voucher (bill) for payment;
- (f) pre-audit of claims and authorization of payment;
- (g) issuing cheque for payment;
- (h) recording expenditure in the accounting records;
- (i) reconciliation of the daily totals as per Daily Advice Note (DAN), (prepared from the Cheque Register) with the daily expenditures recorded in the Abstract [progressive total of the expenditure] ;
- (j) reconciliation of expenditure as per DAN with the Bank [payment scroll]; and
- (k) reconciliation of expenditure as per DAN or abstract with the drawing and disbursing officer's cashbook.

(2) The drawing and disbursing officer shall ensure that:

- (a) no payment is made for a charge that has not been sanctioned by the competent authority;
- (b) no payment is made for a charge that has not been provided in the schedule of authorized expenditure;
- (c) no payment is made, in any circumstances, directly from the cash received for credit to the Local fund;
- (d) no cheque is drawn or en-cashed nor any amount is withdrawn except for immediate disbursement;
- (e) no withdrawal or disbursement of amount is made unless it is pre-audited by the accounts officer; and
- (f) no payment is made unless the claim is validly accrued.

(3) The competent authority while authorizing expenditures shall observe the following principles of financial propriety:

- (a) vigilance and ordinary prudence principle shall be exercised in respect of expenditure from the Local fund;

- (b) the expenditure shall not be prima facie more than the occasion demands;
- (c) no authority shall sanction any expenditure which is directly or indirectly to its own advantage; and
- (d) no expenditure shall be incurred from the local fund of a District Authority for the benefit of a particular person or persons to disadvantage of community as a whole.

28. Recognition of expenditure.-The expenditure shall be recognized in the following mode:

- (a) in case a payment is made by cheque, the expenditure shall be recognized and recorded in the accounts of a District Authority on the date of issuance of cheque;
- (b) in case of payment is made through transfer of amount, the expenditure shall be recognized on the date the transfer is made;
- (c) for direct payments into a District Authority employee's bank account, expenditure shall be recognized on the date the payment advice is issued by the accounts officer to the bank;
- (d) for repayment of loans and other direct payments by the bank, the expenditure shall be recognized on the date advised by the bank to the accounts officer;
- (e) in case of payments made from imprest amount, the expenditure shall be recognized on submission of claim vouchers; and
- (f) the financial year to charge a payment is determined by the date on which a cheque or payment advice is issued.

29. Budget availability review.-(1) The budget availability review involves assessing the intended expenditure or commitment entered into the Schedule of authorized expenditure or covered by re-appropriation or supplementary grant or both.

(2) A budget availability review clearance Form (Form-4AA) shall be prepared by the drawing and disbursing officer.

30. Purchase Order.-(1) A sequentially numbered purchase order (Form-4A) shall be raised for all contingent expenditures (excluding salaries and utilities) by the drawing and disbursing officer.

(2) The budget availability review clearance form duly certified by the budget and accounts officer and purchase order (where applicable) along with sanction for the expenditure shall be attached to the voucher for payment.

31. Voucher preparation for claims above the specified limit.-

(1) The payment of an amount exceeding the value of rupees one thousand for supplies made, services rendered, work done under a

contract or other arrangement, the drawing and disbursing officer shall follow the following process:

- (a) claim voucher form (bill) shall be prepared on (Form 4B);
- (b) complete the claim voucher form (bill) with:
 - (i) details of the officer making the claim;
 - (ii) name of supplier or firm with National Tax Number (NTN), Sale Tax Number (STN) Bank account number, full postal address and the registered title;
 - (i) contract reference, actual date(s) of supply or period(s) of service or work;
 - (ii) location and particulars of supply, service or work in respect of which expenditure is being incurred;
 - (iii) nomenclature of budget object to which payment shall be charged by filling budget head register(Form 4D);
 - (iv) for payments in respect of contracts for buildings, works and services, full amount of the contract and amount of progressive payments shall be supported by certificates of justified and valid payments given by the Drawing & Disbursing Officer;
 - (v) deductions made (ie. withholding tax, security, adjustment of advances etc.); and
 - (vi) the officer making the claim shall provide a statement, under his signature, that the supplies have been received in good order and condition and have been counted and entered in the assets/stock register, and/or the services have been satisfactorily carried out, as provided for in the contract or purchase order;

(2) The procedure defined in sub-rule (1) shall not apply in cases of advance deposit or payments as a condition of a contract.

(3) For making the advance payments prior sanction of the Government shall be required along with a certification that payment in advance is necessary and unavoidable because of the nature and terms or conditions of the contract for supply of the goods or services and in such cases, following additional procedures must be followed:

- (a) claim voucher must be prominently stamped "PAID IN ADVANCE"
- (b) delivery of outstanding goods and services should be followed up at regular intervals by the department or office:

- (i) particulars entered on all claim vouchers shall be typed or written in ink; and be free from cuttings. Where an alteration is found to be necessary shall be initialed by the officer making the claim; provided that in case of numerous alterations, a fresh claim voucher shall be prepared and the original claim voucher shall be cancelled and filed by the officer; and
- (ii) the claim voucher shall be presented to the authority for sanction.

32. Sanction of expenditure.-(1) The sanctioning authority shall:

- (a) scrutinize the claim voucher (bill) to ascertain the expenditure can be sanctioned under financial powers delegated to him;
- (b) review the claim voucher and all relevant supporting documents, including the purchase order;
- (c) put the official stamp on the claim voucher once he approves the claim for payment;
- (d) ensure that the head of account to which the voucher is to be charged, is correct and is recorded on the face of each voucher; and
- (e) ensure that the service or supply has been performed or received, or, where it is necessary to pay in advance, the payment is properly due.

(2) If the sanctioning authority is not satisfied with the claim, it shall not approve the expenditure and return the claim voucher and supporting documents to the concerned officer, with written reasons for refusal.

(3) The officer after rectification of the reasons for refusal shall resubmit the claim to the sanctioning officer.

(4) If the sanctioning authority is satisfied with the claim, it shall accord sanction and sign the original claim voucher.

33. Pre-audit of expenditure.-(1) The accounts officer, while pre-auditing the payments, shall follow the procedure and forms prescribed Accounting Policies and Procedures Manual and Book of Forms and shall ensure that:

- (a) the claims submitted for pre-audit are valid claims on the basis of certificates duly recorded by the drawing and disbursing officer on the Form 4B (Bill Voucher Form) to the effect that the supply of goods has been made in accordance with the agreed quality and quantity or service has been rendered, in accordance with the agreement or terms of reference and to the entire satisfaction of the procuring agency or work has been actually executed at site in accordance with the specifications and

- agreed quantity and there is no reason to believe that the claims should not be paid;
- (b) the claim voucher (bill) is complete, arithmetically correct, duly sanctioned by the authority competent to sanction the claim;
 - (c) the claim voucher (bill) has been signed with official stamp by the drawing and disbursing officer;
 - (d) supporting documents and books of accounts (measurement book, stock register, logbook) accompanying the claim and verified by the drawing and disbursing officer, are valid and genuine;
 - (e) duly certified by the drawing and disbursing officer that the claim has not been previously paid;
 - (f) all procedural formalities, required to be done, have been completed;
 - (g) the system indicates that the detailed object code to which the expenditure is chargeable has adequate appropriations; and
 - (h) employees particulars and vendors particulars, as the case may be, are verified through System.

(2) The pre-audit function involves scrutinizing claim voucher to guard against possible fraud and irregularities and to ascertain that drawing and disbursing officer has applied prudence to detect such fraud and irregularities.

(3) In case the accounts officer observes any omission or irregularity or discrepancy, he shall return the claim to the drawing and disbursing officer with his observations.

(4) The drawing and disbursing officer after addressing the observations shall resubmit the claim, but in case of culpable negligence and fraud, the accounts officer shall immediately inform the officer next above the drawing and disbursing officer.

(5) The accounts officer, on satisfaction with the claim, shall authorize the payment and enter the fact on "Certification and authorization register" (Form 4I).

(6) The accounts officer shall maintain drawing and disbursing officer-wise pre-audit registers within each grant.

34. Delivery of the cheque and advice to the bank.-The accounts officer shall;

- (a) prepare the cheque, get it signed by the signatories, enter it in cheque register (Form 4J) and hand it over to the drawing and disbursing officer for its entry in the cash book and its delivery to the payee or directly at the payee's bank account, as the case may be;
- (b) prepare a "Daily Advice Note" (Form 4L) from the cheque register;

- (c) include all cheques issued for payments on that day in the daily advice note (DAN); and
- (d) send the daily advice note to the bank, under a sealed cover through special messenger.

35. Recording of daily expenditure by drawing and disbursing officer.-(1) The drawing and disbursing officers shall maintain an appropriation control register (Form 4D) or the budget control register for the control of appropriations and for keeping control of utilization in following manner:

- (a) the allocation or residual funds available under each detailed object code shall be recorded in relation to each expenditure transaction in the appropriation control register;
- (b) the initials of the head of the respective office or any other authorized officer shall be made against the date of payment of each item;
- (c) the drawing and disbursing officer shall also be responsible for observance of the rules regarding the preparation of vouchers and the expenditure does not cause any excess over the amount fixed thereof;
- (d) the drawing and disbursing officer shall take steps to obtain additional appropriation, if the original appropriation is likely to be exhausted;
- (e) the disbursement of pays from any amount shall be entered in the appropriation control register with the date, name of payee, number of sub-vouchers, the amount and any explanation, essentially required.

(2) The drawing and disbursing officers shall record the payments of a District Authority and its institutions in a register in Form LA-10 for current expenditure and Form LA-11 for development expenditure.

(3) A cash book shall be maintained by each drawing and disbursing officer in Form LA-13 for recording amount received against Local fund of a District Authority through the accounts officer and disbursed to the payee:

- (a) all withdrawals, disbursements and charges of a District Authority or its institutions shall be entered in the respective drawing and disbursing officer's cash book;
- (b) sufficient details shall be given in the column "particulars" indicating the main points of each transaction being readily ascertained without consulting detailed vouchers;
- (c) on receipt of information of withdrawal of amount through cheque or any other mode, the drawing and

- disbursing officer shall enter the same on income side of the cash book with dated initials;
- (d) the amount disbursed shall be entered on the expenditure side of the cash book on daily basis indicating the number and date of the cheque through which money was thus received, each entry shall be attested by the drawing and disbursing officer with dated initials and actual payees receipt shall be procured or preserved;
 - (e) in case, the payment is made by cheque, expenditure shall be recognized and recorded in accounts of the drawing and disbursing officer on the date of issuance of cheque;
 - (f) for direct payments into a Government employee's bank account, expenditure shall be recognized on the date the payment advice is issued by the accounts officer to the Bank and copy of advice is issued to the drawing and disbursing officer;
 - (g) at the end of each day, the sum of the total amount received and disbursed during the day shall be worked out and the balance struck and recorded under dated signatures of the drawing and disbursing officer;
 - (h) on close of each month the entries in the cash book of the cheques drawn from the Local fund shall be compared and checked with the list of the cheques issued by the accounts officer and a certificate to that effect shall be recorded in the cashbook;
 - (i) the counting should be made on the last working day of each month immediately with the close of the cash account of the month, but where this is not possible, the cash in hand may be counted on the first working day of the following month before any disbursement is made on that date;
 - (j) at the end of each month, the drawing and disbursing officer shall personally verify the cash in hand and record below the closing entries in the cash book with a certificate to that effect over his dated signature specifying both in words and figures the actual cash in hand exclusive of Imprest and temporary advances;
 - (k) at the end of each month, the cash in hand shall be struck with reference to each entry in the cash book and the discrepancies, if any, shall be indicated in a certificate to be recorded on the cash book duly signed by the drawing and disbursing officer;

- (l) the sum up of various columns in the cash book shall be carried forward into the next month's account; and
- (m) in case, it is necessary to adjust therecovery of an advance payment, an overpayment, or a refund, wrongly paid or received or any other such transaction, the receipt or payment of the amount involved shall be entered in the cash book in red ink preceded by the word 'deduct'.

(4) The budget and accounts officer shall maintain a general cash book of expenditure on Form LA-9.1 with proper heads and classified abstract indicating consolidated expenditure made by the Authority, its offices and institutions.

36. Daily procedures for reconciliation with the bank.-(1) At the end of each day, the accounts officer shall send Daily Payment Advice Note (DAN Form 4L) to the bank.

(2) On receiving the daily bank scroll (Form 6A) from the bank, the accounts officer shall verify:

- (a) that the supporting document details (paid cheques, receipt vouchers, transfer advice) agree with the daily bank return (Bank scroll); and
- (b) that the daily bank return entries agree with a daily advice note entries sent to the Bank.

(3) The officer shall cross check the entries of daily bank return with daily advice note and vice versa.

(4) The accounts officer shall ensure that the daily bank returns are received from the banks on daily basis but if the daily bank returns are not received on daily basis, the accounts officer shall report to the bank for taking appropriate measures.

(5) The entries that are found in daily advice note but not on the bank return shall usually represent "unpresented cheques" and form part of monthly bank reconciliation but the payment of such entries shall be presented within the validity period of issued cheques or, as the case may be, the same shall be transferred to unclaimed money account with reverse entry in accounts books.

(6) The accounts officer shall prepare a reconciliation statement on Form 4C.

(7) Once the reconciliation is finished with the bank returns, the details from the bank returns shall be checked with the cheque register and reconcile the cheques issued by the accounts officer and cleared by the Bank (Form 4D) and a report of the reconciliation shall also indicate the cheques which are not yet cleared by the Bank.

(8) The accounts officer shall compare the cheque register with the authorization register to verify that the amount of cheques issued correspond to their authorization.

37. Reporting and reconciliation of expenditures with drawing and disbursing officer.-(1) The accounts officer shall prepare

system generated report "Disbursement confirmation statement (Form 6D) each month for each drawing and disbursing officer by giving detail of claims and payment made.

(2) The accounts officer shall collate the abstract's daily sum up with the daily sum up in DAN, on daily basis.

(3) The drawing and disbursing officer shall reconcile expenditure with the accounts officer on monthly basis, based on the cheque register on Forms LA-14 and LA-15 for current expenditure and development expenditure respectively.

(4) The accounts officer shall prepare a weekly and monthly report of all outstanding claims pending for payment in his office with reason of their pendency for record and information of the Principal Accounting Officer.

PART-VI

Procedures for Certain Payments

38. Pay, allowances and pension.- (1) Except as otherwise authorized by the Government, the salary and pension of a District Authority shall be drawn after the first working day of the next month.

(2) The pay of the establishment shall be drawn on the prescribed Form LA-16) for the pay of individual officers and on Form LA-17 for pay of multiple officials.

(3) The drawing and disbursing officer and accounts officer shall maintain establishment check register (Form 4T) and a pay roll on system respectively.

(4) At the beginning of each year, the entries in the establishment check register showing sanctioned strength of establishment and remuneration for each post shall be scrutinized and verified by the drawing and disbursing officer.

(5) Any variation in the schedule of establishment, during the currency of the year, shall be communicated to the accounts officer through the budget and account officer.

(6) The drawing and disbursing officer shall personally scrutinize and cross check establishment bill with the establishment check register and sign order of payment at the foot of the bill in token of correctness of the bill.

Note 1: Acquaintance Roll, where found necessary to be maintained and receipted office copies of bills are not normally required to be submitted to the accounts office, but as they are important record, they should be stamped, paid and preserved carefully by the drawing and disbursing officer for the purpose of audit.

Note 2: This rule shall apply also to cash received by a subordinate for payment of pay and allowances.

(7) The employees shall be paid by direct credit into their bank accounts regardless of their pay scale on direct credit advice (Form 4M).

(8) In case of cash payment, the pay of the establishment shall be disbursed in the presence of the drawing and disbursing officer, duly authenticated by him and the signature or thumb impression of each recipient alongwith CNIC number, shall be recorded opposite his name in the column provided for the purpose in the bill.

(9) The pay, allowances or pension can be drawn from the day of an employee dies but the hour of death has no relevance.

(10) In case of payment by bill:

(a) the drawing and disbursing officers is responsible for ensuring that pay bills are checked, verified the total amount entered in the bill and initialed by the head of the respective offices; but, in case of failure of the respective head of officesto observe precautions in any financial matter, shall render them liable for making good any loss; and

(b) the head of office is personally responsible for every pay drawn on a bill signed by him or on his behalf until he has paid it to the person entitled to receive it and obtained his receipt, duly stamped where necessary, on the office copy of the pay bill.

(11) In case of payment by cheque:

(a) if payment of salary is made by cheque, it shall be handed over to the employee concerned through drawing and disbursing officer against proper acknowledgement; and

(b) if the payment is made through direct credited system (DCS), monthly scroll be issued to the drawing and disbursing officer for countersignature as verification.

(12) In case payment is made by cash, the bill shall be stamped "Paid in Cash".

(13) A pension register shall be maintained on Form 4V.

(14) The pension payments to local government employees shall be madethrough:

(a) cheque in the name of the pensioner and shall be crossed and marked "Not Negotiable"; or

(b) direct credited system (DCS).

39. Fund and other deductions.-(1)Thedrawing and disbursing officer shall be responsible for deducting any subscriptions or deductions due from pay bills of an employee.

(2) The deductions from pay bills shall be made strictly in accordance with the relevant provisions of rules.

40. Permanent advance.-(1) A District Authority may sanction permanent advance or imprest for the offices of Chief Executive Officer and head of offices, each to cover petty expenditure, as determined by the accounts officer.

(2) The initial payment on account of imprest shall be charged to public account and the recoupment shall be made from the respective object heads.

(3) The payment of an amount upto Rs.1000/- may be made out of the permanent advance.

(4) The accounts of the permanent advance shall be maintained by the drawing and disbursing officer and head of office separately.

(5) All the vouchers relating to the expenditure from the permanent advance shall be assigned serial number and shall be entered in the permanent advance account Register.

(6) In case of low balance, permanent advance may get recouped through a bill.

(7) The original vouchers must be produced to support the claim for recoupment on a specified claimform (Form 4K).

(8) The imprest account shall always be balanced at any point in time and sum up of all valid petty cash vouchers and amount left in the imprest account shall equal the value of the original imprest float.

(9) In the case of payments made from imprest amount, the expenditure shall be recognized on submission of claim vouchers and the imprest account recouped.

41. Payment of works.-(1) No payment for works shall be made unless:

- (a) administrative approval has been obtained from the authority competent in each case;
- (b) technical sanction of a detailed design and estimates has been accorded by a sanctioning authority;
- (c) funds to cover the expenditure during the year have been provided in the budget; and
- (d) the drawing and disbursing officer and head of respective offices shall ensure that:
 - (i) the claims submitted for payment are valid claims for the works actually executed at site in accordance with the specification and agreed quantity, or service actually rendered to the entire satisfaction of the drawing and disbursing officer or 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 certificates to this effect shall be essentially recorded on claim voucher for payment, as evidence for pre-audit purpose.

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

- (a) that all bills shall be signed by:
 - (i) the contractor;
 - (ii) by the Engineer-incharge; and
 - (iii) the sanctioning authority.
- (b) the engineer shall ensure that:
 - (i) the claims submitted for payment are valid claims for the works actually executed at site in accordance with the specification and agreed quantity, or service actually rendered to the entire satisfaction of the Authority and or 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 certificates to this effect shall be essentially recorded on 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 have 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.

42. Refund.-(1) The revenue paid and credited to local fund or public account shall be refunded under the sanction of the authority competent to refund.

(2) The sanction may be accorded either on the voucher itself or issuing a separate sanction order.

(3) The refund shall be made against the original credit in the departmental record.

(4) The refund shall be treated either as expenditure and shall be paid against approved budget head or adjusted against the income of the relevant head.

PART-VII

MONTHLY AND ANNUAL ACCOUNTS

43. Monthly Accounts.-(1) At the end of each month, the drawing

- (a) the payments by detailed object for each function within a grant on Form LA-18 for current expenditure; and on Form LA-19 for development expenditure; and
 - (b) thereceipts by detailed object for each head of income on Form LA-20.
- (2) The monthly accounts, based on the compiled accounts, shall be prepared on Forms LA-6 AND LA-21 to Form LA-24.
 - (3) The closing of the accounts for the month shall be the last date of the month.
 - (4) The monthly accounts shall be prepared on the 5th day of the following month.
 - (5) The accounts officer shall maintain monthly accounts on the forms prescribed in book of forms of Accounting Policies and Procedure Manual.

44. Compilation of annual accounts.- (1) At the end of each year, consolidated annual accounts of the Authority shall be compiled by the drawing and disbursing officers, collecting officers, budget and accounts officer on Form LA-6 and LA-21 to LA-24 and the accounts officer.

(2) The accounts of each year shall be closed on June 30th and no payment for the outgoing financial year shall be permitted except adjustment and removal of misclassification.

(3) At the close of the financial year, the balances contained in the accounts for expenditures and receipts shall stand closed.

(4) The statement of annual accounts shall be supported by a certificate signed by the Principal Accounting Officer and the accounts officer on the basis of the Bank statement showing the amount at the credit of the Authority, in the Bank.

(5) The accounts officer shall maintain annual accounts on the forms prescribed in Accounting Policies and Procedure Manual.

(6) The annual appropriation accounts of the Authority for the preceding financial year shall be submitted by the accounts officer to the concerned Authority and Accountant General, Punjab.

(7) The Accountant General, Punjab shall submit the consolidated annual civil accounts to the Government by 15th July each year.

PART-VIII

OVERSEEING THROUGH ACCOUNTS AND SETTLEMENT OF AUDIT OBJECTIONS

45. Displaying of annual accounts.-(1) The reconciled statement of annual accounts shall be submitted by the accounts officer to the Authority and the Accountant General, Punjab

(2) The Accountant General, Punjab shall submit the annual consolidated accounts to the Government by 15th July each year.

(3) The budget and accounts officer shall display annual statement of accounts of the Authority at a conspicuous place as well as on website for public inspection, together with a public notice for inviting objections and suggestions containing specific date and time for hearing of objections.

(4) A District Authority shall examine the annual accounts, consider public objections and suggestions and take appropriate action, as it may so require.

46. Annual audit of accounts.- (1) The Auditor General, Pakistan shall:

- (a) certify the accounts of the Authority for each financial year; and
- (b) conduct 100% audit of the accounts of the Authority in such form and manner as he may deem appropriate.

47. Special audit of accounts.- The Provincial Director, Local Fund or any other audit agency, may conduct special audit of the accounts of a District Authority on the direction of the Government.

48. Annual and special inspection of accounts.- The Punjab Local Government Commission shall conduct:

- (a) annual and special inspections of a District Authority;
- (b) special audit of the accounts of a District Authority, on the direction of the Government; and
- (c) social and performance audit of a District Authority.

49. Internal audit of accounts.- The Principal Accounting Officer shall be responsible for internal controls and internal audit of a District Authority.

50. Audit objections.- (1) The audit paras contained in Auditor General's audit report and appropriation accounts shall be considered by Public Accounts Committee of Provincial Assembly of the Punjab.

(2) The advance para or the para proposed for conversion into draft audit para and ordinary audit observations contained in audit and inspection report shall be discussed in the meeting of the departmental accounts committee and special departmental accounts committee.

(3) The procedural irregularities contained in the audit reports may be regularized by the Government, at the instance of accounts committee, after necessary inquiry that no financial loss is involved in the para and Public Accounts Committee or the special departmental accounts committee or departmental accounts committee, as the case may be, has recommended for regularization.

(4) Any loss to public exchequer shall be recovered from the person responsible or written-off or waived under the Punjab District Health Authorities (Delegation of Financial Powers) Rules 2016.

**PART - IX
MISCELLANEOUS**

51. Interpretation of Rules.-In case of any ambiguity or inconsistency arising in interpretation of provisions of these rules, the decision of the Government shall be final.

52. Repeal.-The Punjab Local Government (Accounts) Rules, 2008 is hereby repealed

**SECRETARY
GOVERNMENT OF THE PUNJAB
LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT
DEPARTMENT**