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

Dated Lahore the 14<sup>th</sup> July, 2008

**NOTIFICATION.**

**No. SOR(LG)38-1/2006.** In exercise of the powers conferred by section 191 (1) of the Punjab Local Government Ordinance, 2001 (XIII of 2001), the Governor of the Punjab is pleased to make the following rules:

CHAPTER - I

INTRODUCTORY

1. **Short title, extent, and commencement.**-- (1) These rules may be cited as the Punjab Local Governments (Accounts) Rules, 2008:  
(2) They shall come into force at once.
2. **Definitions.** -- In these rules, unless there is anything repugnant in the subject or context:-
  - (a) **"Accounts Officer"** means the head of Accounts Office of a Local Government;
  - (b) **"Accounts Committee"** means the Accounts Committee constituted under the Ordinance or these rules;
  - (c) **"Audit Authority"** means the respective audit authority specified under section 115 of the Ordinance, for each tier of local government;
  - (d) **"audit report"** means the Report consisting of printed audit paras, duly signed by the Auditor General of Pakistan and sent to the Nazim in terms of section 115 of the Ordinance;
  - (e) **"Chairman"** means the Chairman of the Accounts Committee chosen by the members of accounts committee of a council.
  - (f) **"Collecting Officer"** means the officer, who is responsible for estimation and realization of receipts from the area within his jurisdiction and designated as such by the concerned Principal Accounting Officer;
  - (g) **"Departmental Accounts Officer"** means the respective Departmental Accounts Officer prescribed under rule 17 of these rules;
  - (h) **"Drawing and Disbursing Officer"** means the officer, who prepares estimates of expenditure and actually incurs expenditure in respect of the office or offices of which he is the Drawing and Disbursing officer and designated as such by the concerned Principal Accounting Officer;
  - (i) **"Form(s)"** means the prescribed form(s) as appended with these rules;

(j) **"Local Accounts Officer"** means the head of an office of Accounts responsible for preparing the accounts of a local government and includes:

- (i) District Accounts Officer in respect of the District/City District Government;
- (ii) Tehsil/Town Municipal Administration Accounts Officer; and
- (iii) The Union Secretary in respect of the Union Administration;

(k) **"Government"** means the Government of the Punjab;

(l) **"Head of Office"** means:-

- (i) District Officer in case of District/City District Government;
- (ii) Tehsil/Town Officer in case of Tehsil/Town Municipal Administration; and
- (iii) Concerned Union Secretary in case of Union Administration;

(m) **"Manual"** means the Local Government Accounts Manual notified by the Auditor General of Pakistan with the approval of the President of Pakistan, as amended from time to time;

(n) **"member"** means a member of the Accounts Committee elected by the respective Local Council;

(o) **"NAM"** means the New Accounting Model notified by the Auditor General of Pakistan with the approval of the President of Pakistan, as amended from time to time;

(p) **"Ordinance"** means the Punjab Local Government Ordinance, 2001;

(q) **"Public Accounts Committee"** means the Public Accounts Committee of the Provincial Assembly of the Punjab; and

(r) **"Principal Accounting Officer"** means District Coordination Officer in case of District/City District Government, Zila Naib Nazim in case of the secretariat of Zila Council, Tehsil/Town Municipal Officer in case of Tehsil/Town Municipal Administration, Naib Tehsil/Town Nazim in case of the secretariat of Tehsil/Town Council, and the Union Secretary nominated by the Union Nazim in case of Union Administration.

(2) Words and expressions used but not defined in these rules shall have the same meaning as are assigned to them in the Ordinance.

## CHAPTER - II

### ACCOUNTS AND FORMS

3. **Maintenance of Accounts-** (1) All transactions of a Local Government involving money out of District Fund/ Local Fund shall be brought to account.

(2) Subject to the provisions of the Ordinance, the accounts of the receipts and expenditures of local government shall be kept in such form and in accordance with such principles and methods as the Auditor General of Pakistan has prescribed in the Manual or NAM.

**4. Responsibility of the Principal Accounting Officer.-** (1) All accounts relating to the District Fund/Local Fund shall be compiled in the offices of the respective Local Governments under the supervision of the Principal Accounting Officer or an officer authorized by him for this purpose.

(2) The Principal Accounting Officer shall be responsible for the financial regularity of all transactions relating to the District Fund/Local Fund, and for the maintenance of the accounts correctly and in accordance with the provisions of the Ordinance and the rules made thereunder.

### CHAPTER - III

#### MONITORING & IMPLEMENTATION

**5. Monitoring of Implementation.-** The Accounts Committee concerned shall monitor the implementation of these rules and shall submit its reports about the implementation of the rules by the Local Government, to the Council concerned, for review.

**6. Display of Annual Accounts.-** All the statements of monthly and annual accounts and such other necessary statements shall be placed / displayed at a conspicuous place for public inspection, together with a public notice for inviting objections containing specific date and time for hearing of objections.

**7. Hearing of objections.-** The respective Accounts Committee concerned shall hold hearing of the public objections and take any appropriate action, if so required.

**8. Findings of Accounts Committee to be sent to the Council.-** After hearing the objections from the public on the accounts of a Local Government, the Accounts Committee concerned shall send its findings along-with annual accounts to the respective Council.

**9. Recommendations to be prepared by the Council.-** The concerned Council shall discuss and review the annual accounts and comments of Accounts Committee in the meeting and prepare its recommendations.

**10. Recommendations to be sent to the audit authorities.-** The annual accounts/statements shall be sent to the audit authorities concerned along-with recommendations of the Council concerned.

**11. Training of Personnel:-** The Local Government shall make arrangements to impart training and refresher courses to its functionaries including members of Accounts Committee in the matters relating to budget, accounts and finance.

### CHAPTER - IV

#### CONSTITUTION, COMPOSITION, AND FUNCTIONING OF ACCOUNTS COMMITTEES

**12. Constitution and Composition of Accounts Committee.-** (1) Following Accounts Committees shall be constituted for review of the audit and accounts reports :-

- (i) Zila Accounts Committee for each Zila Council;
- (ii) Tehsil Accounts Committee for each Tehsil Council;
- (iii) Town Accounts Committee for each Town Council; and
- (iv) Union Accounts Committee for each Union Council.

(2) Each Accounts Committee shall consist of:-

- (i) a Chairman and six members to be elected by the respective/ Council:

Provided that Local Council may fix such number of members as it deems fit.

Provided further that at least one member shall be elected from amongst the special interest seats, namely, women, peasant, workers and minorities.

(ii) Government, District Government, and the Audit Authority of respective Local Government may nominate their representatives to attend the meetings of the Accounts Committee, as observers and also to assist the committee on technical issues. However, they shall not be entitled to vote.

(3) The members of Accounts Committee shall be elected by the concerned Local Council through secret ballot.

(4) The tenure of the Accounts Committee shall not exceed the tenure of the respective Local Councils.

**13. Appointment of Chairman, Accounts Committee.-** (1) The members of Accounts Committee shall elect a Chairman from amongst them in the first meeting of the Accounts Committee which shall be held within seven days of the notification of names of members of Accounts Committee elected by the Local Council concerned.

(2) First meeting of the Accounts Committee shall be convened within seven days from the date of notification of members of the Accounts Committee, issued under rule 16(8), by the District Co-ordination Officer, Tehsil/Town Municipal Officer and Secretary Union Committee in the case of Zila Accounts Committee, Tehsil/Town Accounts Committee and Union Accounts Committee respectively and they shall record the minutes of that meeting. No other business shall be carried out in the first meeting.

(3) In its first meeting after the election of Chairman, the Accounts Committee shall, in order of precedence elect a panel of two presiding officers securing highest number of votes amongst its members, who shall preside over the meeting of the Committee in absence of the Chairman.

**14. Secretary of Accounts Committee.-** (1) The Council Officer in case of Zila Accounts Committee and Tehsil Accounts Committee, and Secretary Union Council, who is not the Principle Accounting Officer, in case of Union Council Committee, shall act as Secretary of the respective Accounts Committee.

(2) Secretary of the Committee shall keep all record of the meetings of the Committee. He shall keep the minutes book and agenda of the Accounts Committee meetings.

**15. Recording of Minutes of the Meetings of Accounts Committee.-**(1) The minutes of the meeting of the Accounts Committee shall be recorded and maintained by its Secretary.

(2) A copy of the minutes of the meeting of the Accounts Committee shall be sent by the Secretary of the Accounts Committee within one week of the meeting of the Accounts Committee to the :-

- (i) Secretary, Punjab Local Government Commission;
- (ii) Nazim of each Council;
- (iii) District Co-ordination Officer of the District;
- (iv) all Executive District Officers concerned of the District/City District Government in the case of Zila Accounts Committee;
- (v) all Town/Tehsil Officers concerned in the case of Tehsil/Town Accounts Committee;
- (vi) all Secretaries of Union Council in the case of Union Accounts Committee;
- (vii) audit authority; and
- (viii) all members of the Accounts Committee concerned.

**16. Election of the members of Accounts Committees.**-(1) Every Local Council shall elect members of Accounts Committee in pursuance of rule 12(3), as the case may be, within a period of thirty days from the date of its first meeting, or from the date of promulgation of these rules which ever is later.

(2) The Naib Nazim in the case of Zila and Tehsil/Town Council and Nazim in the case of Union Council, shall act as presiding officer for the election of members of the Accounts Committee respectively. The proceedings of the meeting shall be recorded by the District Co-ordination Officer, Tehsil/Town Municipal Officer and Secretary, Union Committee in the case of Zila Council, Tehsil/Town Council and Union Council respectively.

(3) Each member of the Council shall cast a vote for election of members of the Accounts Committee through a secret ballot. The candidates securing highest votes in order of precedence, and equal to the number of members mentioned in rule 12(2) shall be notified as successful.

(4) For the following categories of candidates, ballot paper of different colour for different categories of candidates, shall be issued by the Presiding Officer to each voter/member of the concerned Council :-

- (i) General Seats.
- (ii) Women
- (iii) Peasant.
- (iv) Worker
- (v) Minority.

(5) The ballot paper shall be stamped on the back with the official mark and signed by the Presiding Officer.

(6) The number of the voter/member shall be listed by the Presiding Officer and shall also be written on the counterfoil of ballot paper by the Presiding Officer.

(7) The Presiding Officer shall take guidance and assistance with regard to other procedures of election from the Punjab Local Government (Election) Rules, 2005.

(8) The Naib Nazim in the case of Zila Council and Tehsil/Town Council and Nazim in the case of Union Council shall notify the result of the election on the same day. In case the result is not notified on the same day, the District Co-ordination Officer, Tehsil/Town Municipal Officer and Secretary, Union Committee in the case of Zila Council, Tehsil/Town Council and Union Council respectively shall notify the result of election of members on the next day of the Election.

(9) In case of vacancy due to any reason, whatsoever, the concerned Council shall elect new member of the Accounts Committee within a month from the date of vacancy.

**17. Responsibility of Officers.**-(1) The concerned Executive District Officer of the District/City District Government shall act as Departmental Accounting Officer for his respective group of offices and be responsible to the District Accounts Committee of the Zila Council.

(2) Concerned Town/Tehsil Officer of the Town/Tehsil Municipal Administration, shall act as Departmental Accounting Officer for his respective office and shall be responsible to the Accounts Committee of the Town Council or Tehsil Council, as the case may be.

(3) Secretary, Union Council shall act as Departmental Accounting Officer for his respective office and be responsible to the Union Accounts Committee.

**18. Meetings of the Accounts Committee.**-(1) The Accounts Committee shall meet once in a month on such date and time as may be fixed by the Chairman and if required, its meetings can be held on weekly or daily basis.

(2) Agenda indicating the date, time and venue of the meeting shall be sent to all the members of the Accounts Committee by the Secretary of the committee at least three days in advance.

(3) At least one half of the total membership of the Accounts Committee, including its Chairman shall attend the quorum for a meeting.

(4) The meeting of the Accounts Committee shall be presided by the Chairman and in his absence by the member of the panel of presiding officers in order of precedence as prescribed under rule 13(3).

(5) All decisions shall be taken by the Accounts Committee by the majority of votes of the members present and voting:

Provided that in case of equal votes, the Chairman or the person presiding over the meeting shall have his casting vote.

(6) A member of the Accounts Committee may tender his resignation to the District Co-ordination Officer, Tehsil/Town Municipal officer or the Secretary, Union Committee in the case of Zila Council, Tehsil/Town Council and Union Council respectively who shall forward the same to the Naib Nazim in the case of Zila, Tehsil/Town Councils and Nazim in the case of Union Council for placing the same in the very next meeting of the concerned council. In case the resignation is not placed before the Council by the Naib Nazim or Nazim, as the case may be, the resignation shall stand accepted from the date of the meeting in which it was to be placed for consideration.

**19. Functions and Responsibilities.**-(1) The Accounts Committees shall

- (a) review the audit and accounts reports of their respective Local Government;
- (b) ensure that statement of monthly accounts, annual accounts, audit reports and account reports shall be displayed at conspicuous public places by their respective Local Governments for public inspection;
- (c) prepare a schedule indicating;-
  - (i) the date of publication of Audit and Accounts report;
  - (ii) the last date for filing objections and suggestions by the general public;
  - (iii) the last date on which the objections and suggestions of the public shall be examined in the presence of petitioners, public representatives and Departmental Accounting Officers; and
  - (iv) the date on which a report shall be submitted by it to the respective Council on each observation/objection recorded in the audit or accounts report alongwith view point of the public and its own opinion, for decision;
- (d) ensure the implementation of the decisions of the Council, on the Audit and Accounts Reports;
- (e) ensure the preparation of annotations of the audit and accounts reports by the concerned officers of the Local Council and its submission to the concerned authorities after observing prescribed formalities;
- (f) hold public hearings in which:-
  - (i) objections to statement of accounts shall be heard; and
  - (ii) internal and external audit reports shall be discussed for appropriate action;
- (g) summon any officer/ official of Local Government or non official concerning an audit objection or call for any record with a view to fixing responsibility on the delinquent;
- (h) ensure that the annotated reply of audit and accounts reports are prepared and sent to quarters concerned by the Departmental Accounting Officers;
- (i) issue directions to the various officers/officials of the Local Government concerned for disposal of audit objections within specific time and in case of failure to do so, recommend suitable action against defaulters to the concerned council;

- (j) monitor the implementation of these rules in right earnest and shall submit its report about the compliance thereof by the Local Government; and
- (k) have the explanation/comments of the concerned officer/official on the audit objection and after considering the view point of the general public, the audit objection/observation regarding procedural lapses decided by the Accounts Committee and the remaining observations/objections alongwith explanation of the officer concerned, view point of general public and its own recommendations shall be forwarded to the Council concerned for consideration and further action;
- (2). The concerned council shall discuss and review the annual accounts and audit reports alongwith viewpoint of general public and comments of Accounts Committee, in its meeting and;
- (i) settle the objection; or
- (ii) take such measures as are considered necessary for speedy disposal of audit objections and recovery of amount of loss caused to the Local Government concerned by its member or a functionary of a Local council or any other person charged with the administration of the affairs of a Local Government.
- (3). The decision of an Accounts Committee about the settlement of an audit objection or otherwise taken under Clause (k) shall be final.;
- (4). Accounts Committee shall prepare its Annual Report and present in the Council concerned. The copies of the annual report shall also be sent to the Provincial Local Government Commission;
- (5). If a member or Chairman of an Accounts Committee, without a reasonable cause, fails to attend a duly convened meeting, he shall be liable to disciplinary action;
- (6). The non attendance of any member of the Accounts Committee shall not have any effect on proceedings and minutes of the Accounts Committee;
- (7). The audit objections which are not settled by the close of a financial year due to non production of relevant record, or non preparation of its annotated reply, the matter shall be presented before the Council concerned by the Principal Accounting Officer of the concerned Council for taking suitable action against the concerned delinquents. The pending audit objections shall be discussed and recommendations made by the Local Council during the month of July of every year and a report sent to the Local Government Commission for further necessary action;

## 20. Liability of Accounts Committees with regard to Audit Objections.

- (1) The Accounts Committee shall not drop an Audit Objection without ensuring the completion of record or satisfying that its completion is not possible and that no financial loss is involved in it.
- (2) In the case of violation of sub rule (1), the proceedings of the Accounts Committee shall be reviewed by the concerned Council and declared null and void.
- (3) In case the omission is repeated by the Accounts Committee, the concerned Local Council shall direct the Accounts Committee with specific reference to the decision taken by the Accounts Committee.
- (4) In case the direction of the Local Council is not adhered to, the

(2) In case the direction of the Accounts Committee under sub-rule (1) is not complied with, the Accounts Committee shall refer the case to the concerned Local Council in the light of observations of the concerned Local Council in the light of observations of the Accounts Committee.

**22. Preparation of monthly and annual reports.--** The schedule of activities relating to the monthly and annual Accounts Reports shall be as under:

- (i) The District, Tehsil/Town Accounts Officers and Union Accountants shall compile the accounts of receipts and expenditure of their respective Local Governments/ Administrations for the preceding month by seventh day of each month.
- (ii) The Principal Accounting Officers shall submit the compiled accounts to the Accounts Committees of their respective Councils; placed at conspicuous places for public inspection and copies may also be released to the press/media, if necessary.
- (iii) On the closing of accounts at the end of each financial year, the District and Tehsil/Town Accounts Officers and Union Accountants shall compile the accounts of receipts and expenditure of their respective local governments/ administrations and prepare statements of Accounts for the preceding financial year; before fifteenth day of August each year.
- (iv) The Principal Accounting Officers shall submit the Statement of Accounts to the Accounts Committees of their respective Councils; placed at conspicuous places for public inspection and copies of such statements shall be released to the press/media, if necessary.

**23. Annual External Audit Reports.--** The schedule of activities regarding external audit reports shall be as follows :-

- (i) audit authority shall notify a schedule regarding conduct of audit in respect of Local Government/Administrations in each district.
- (ii) Conduct and complete annual audit according to the notified schedule.
- (iii) The Nazim shall cause the audit report to be submitted to the respective Council and the Council shall refer it for examination to its Accounts Committee.

**24. Annual Performance Report of the Accounts Committee.--** The Annual Performance Report of the Accounts Committee shall be prepared and presented before the Local Council Concerned during first quarter of the year. The respective Council shall deliberate on the report of Accounts Committee and shall send the recommendations to the Nazim. A copy of the annual report alongwith recommendations of the Council shall be sent to Provincial Local Government Commission.

**25. Supervision of the Accounts Committees. --** (1) The Provincial Local Government Commission shall supervise the functioning of Accounts Committees of Local Governments and may call for and examine the record of any proceedings before any Accounts Committee for the purpose of satisfying as to correctness, legality or propriety of any findings, recommendations or decision recorded or passed and as to the regularity of any proceedings of such Committee.

(2) On examining the record or proceedings under sub-rule (1) the Provincial Local Government Commission may direct the Accounts Committee, Local Council or any other authority including the audit authorities to make further probe into the matter, observation, objection or claim in order to set right the proceedings.



26. **Repeal.** The Punjab Local Government (Accounts) Rules, 2001 and the Punjab Local Council (Functions of Accounts Committees) Rules, 1984, are hereby repealed.

**SECRETARY TO GOVERNMENT OF THE PUNJAB  
LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT  
DEPARTMENT**

**No. & Date Even.**

A copy is forwarded for information and necessary action to:

1. The Secretary, Prime Minister's Secretariat, National Reconstruction Bureau, Islamabad.
2. The Principal Secretary to Governor Punjab.
3. The Secretary to Chief Minister, Punjab.
4. The Chief Secretary/Additional Chief Secretary, Punjab.
5. All Administrative Secretaries in the Punjab.
6. All District Coordination Officers in the Punjab.
7. All Additional Secretaries/Deputy Secretaries in LG&CD Department.
8. All Tehsil/Town Municipal Officers in the Punjab.
9. The Director General, LG&CD Department.
10. The Director General (I&M), LG&CD Department.
11. The Provincial Director, Local Fund Audit, Lahore.
12. The Secretary, Punjab Local Government Board, Lahore.
13. The Director, Punjab Local Government Academy, Lala Mousa.

*[Signature]*  
SECTION OFFICER (REG:)  
24/07/08