



May 06, 2026

Mr. Mir Sarfraz Bugti,
Chief Minister Balochistan,
Quetta.

**Subject: Complaint Against Allegations of Violation of Balochistan Local Government
(Amendment) Act 2022 in the Release of Rs. 1 Billion to Metropolitan Corporation Quetta in
Absence of Mandatory Pre-Audit by Local Fund Audit**

Dear Sir,

Transparency International Pakistan has received a complaint against allegations of violation of the Balochistan Local Government (Amendment) Act, 2010 in the release of Rs. 1 Billion to Metropolitan Corporation Quetta and absence of mandatory pre-audit by local fund audit (**Annex-A**).

The complainant has made the following allegations:

1. The Finance Department, Government of Balochistan has released an amount of Rs. 1 billion to Metropolitan Corporation Quetta under the head of non-salary expenditures without verification by the Local Fund Audit (LFA), Balochistan, required under the Local Council Finance Commission (LCFC) framework (**Annex-B**)
2. The Section 101(4) of the Local Government (Amended) Act, 2022 mandates pre-audit of any financial liability of local councils by the Local Fund Audit prior to the release of funds. However, the same was not complied with by the finance department.
3. The pre-audit mechanism for Local Councils in Balochistan has remained suspended since 2022, creating a serious gap in financial oversight, irregular expenditures, and potential misuse of public funds.

Transparency International Pakistan Comments

Transparency International Pakistan has reviewed the allegations of the complaint, based on the authenticity of the documents, prima facie, the allegations seem correct.

Following are TI Pakistan's comments:

1. Section 101(3) & (4) of the Balochistan Local Government Act, 2010 (as amended in 2022) mandates that all payments from the Local Fund must be pre-audited by the Local Fund Audit, and no withdrawal or disbursement of funds is permissible unless such pre-audit has been carried out in the prescribed manner. The Rules are quoted below for your reference (**Annex-C**):

101. Accounts.- (3) The Local Fund Audit of the Government shall pre-audit all the payments from the Local Fund.

(4) A local council shall not withdraw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner.

2. Sections 101(5) and (6) of the Balochistan Local Government (Amendment) Act, 2022 require that annual statements of accounts of local councils be prepared by the Local Fund Audit and made public to ensure transparency. Where mandatory pre-audit is not carried out, it undermines the statutory objective of transparency, as quoted below (**Annex-D**):



Section 101 (5): The Local Fund Audit shall by fifteenth day of July, prepare an annual statement of receipts and expenditures of the accounts of local councils for the preceding financial year and shall transmit the statement to the Board and the concerned local council

Section 101(6): A copy of Annual Statement of accounts shall be displayed at a conspicuous place in the office of the local council for public inspection and all objections or suggestions concerning such accounts received from the public shall be considered by the local council and appropriate decision shall be taken

3. As per the Section 97 of the Balochistan Local Government (Amendment) Act 2022, finance department is entrusted with a central role in the financial management of local councils. However, the release of substantial public funds without ensuring compliance with the mandatory pre-audit requirements reflects a failure on the part of the Finance Department to exercise due diligence and statutory oversight.

97. Custody and Operation of Local Fund and Public Account. - (1) Monies credited to a Local Fund or a Public Account shall be kept in the government treasury, a post office or National Bank of Pakistan in such manner as shall be specified by the Government from time to time.

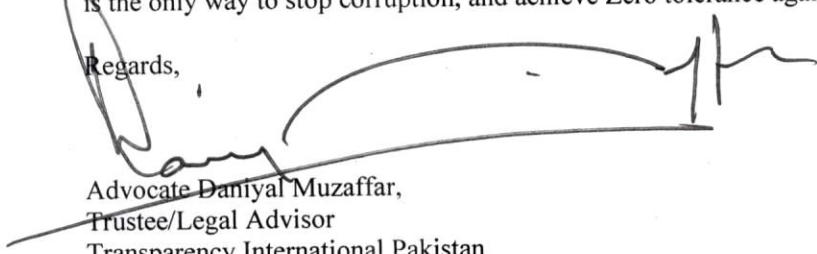
4. The financial department must investigate as to why this amount was released to Metropolitan Corporation Quetta without verification of Local Fund Audit Balochistan Quetta as required under LCFC.
5. If the allegation that the pre-audit of Local Councils Balochistan by LFA has been suspended since 2022 is true, the provincial government must ensure an immediate audit of all local council funds and make statements public as required under the Balochistan Local Government (Amendment) Act 2022.

Transparency International Pakistan Recommendations

Transparency International Pakistan requests the Chief Minister Balochistan to examine the allegations of the complaint and if found correct, take action against the violation of the Balochistan Local Government (Amendment) Act 2022 and issue directives for conducting audit of all local council funds as required under the local government Act.

Transparency International Pakistan is striving for across-the-board application of Rule of Law, which is the only way to stop corruption, and achieve Zero tolerance against corruption.

Regards,


Advocate Daniyal Muzaffar,
Trustee/Legal Advisor
Transparency International Pakistan

Copies forwarded for the information with request to take action under their mandate to:

1. Chief Secretary, Government of Balochistan, Quetta
2. Minister, Finance, Government of Balochistan, Quetta
3. Secretary Finance, Government of Balochistan, Quetta
4. Secretary, Local Government & Rural Development (LG&RD) Department, Government of Balochistan, Quetta.
5. Accountant General Balochistan, Quetta.
6. Registrar, High Court of Balochistan, Quetta.



Note:

This is to clarify that Transparency International Pakistan is not a complainant, it acts as a whistleblower and operate under Article 19-A, of the Constitution of Pakistan which gives the right to public to know how government is being run by public officers. Article 19-A makes the right to access of information pertaining to a public authority a fundamental right, and a three member bench in case of Mukhtar Ahmad Ali vs the Registrar, Supreme Court of Pakistan, Islamabad, headed by Chief Justice Qazi Faez Isa in the landmark judgment on 16 October 2023, in CP No. 3532/2023, has declared that

“What previously may have been on a need-to-know basis Article 19A of the Constitution has transformed it to a right-to-know, and the Access to information is no longer a discretion granted through occasional benevolence, but is now a fundamental right available with every Pakistani which right may be invoked under Article 19A of the Constitution”

FROM: FINANCE DEPARTMENT GOVERNMENT OF BALOCHISTAN

Annex-A

TO, THE DIRECTOR,
ACCOUNTS DEPARTMENT OF STATE BANK OF PAKISTAN,
BANKING SERVICES CORPORATION (BANK),
HEAD OFFICE SUBSIDIARY HOUSE 4TH FLOOR,
CANTEEN BUILDING, I.I CHUNDRIGAR ROAD,
P.O. BOX NO. 4202, KARACHI.

NO.FD.SO-VIII(BUDGET)4-6/2025-26/3822-31

DATED QUETTA THE 12TH FEBRUARY, 2026

KINDLY CREDIT TO THE METROPOLITAN CORPORATION QUETTA ACCOUNT 4405-4-NBP MANAN CHOWK BRANCH, QUETTA, WITH A SUM OF RS.1,000,000,000/- (RUPEES ONE BILLION ONLY) PER CONTRA DEBIT TO BALOCHISTAN ACCOUNT NO.1 (NON-FOOD) (.) THIS PAYMENT IS INTENDED FOR FURTHER PAYMENT FOR PURPOSE OF CLEARANCE OF BACKLOG/LEGACY WASTE IN QUETTA CITY, DURING THE CURRENT FINANCIAL YEAR 2025-26.(.)

2). THE ABOVE MENTIONED AMOUNT IS DEBATABLE TO FUND BC21033 (33) RURAL DEVELOPMENT AND DDO CODE QAB019-GRANT-IN-AID FOR LOCAL COUNCILS AND DETAILED OBJECT CODE A05204-011-TO TMAS GRANT IN AID FOR ANNUAL DEV. PROGRAM.(.) DURING THE CURRENT FINANCIAL YEAR 2025-26 (.) NO CLAIM SHALL BE PAID WITHOUT PRE-AUDIT BY THE CONCERNED LOCAL FUND AUDIT (LFA) OR ANY OTHER OFFICER/OFFICIAL DULY AUTHORIZED /DESIGNATED BY THE FINANCE DEPARTMENT WHO ARE RESPONSIBLE FOR PRE-AUDIT OF CLAIMS OF LOCAL COUNCILS (.)

3. THE FINANCE DEPARTMENT HAS RELEASED FUNDS AMOUNTING RS.1,000,000,000/- (RUPEES ONE BILLION ONLY) ON ACCOUNT OF CLEARANCE OF BACKLOG/LEGACY WASTE IN QUETTA CITY (.) AS PER REQUEST OF GOVERNMENT OF BALOCHISTAN LOCAL GOVERNMENT & RURAL DEVELOPMENT DEPARTMENT/ BALOCHISTAN LOCAL GOVERNMENT BOARD'S LETTER NO.2-1068/2025-26(BLGB)AO-1/1738-44 DATED 27TH JANUARY, 2026 ALONGWITH APPROVED SUMMARY BEARING BARCODE NO.LGD-36118.(.) HOWEVER, THE RELEASE IS SUBJECT TO FULFILLMENT OF THE REQUIREMENTS LAID DOWN UNDER SECTIONS 98, 99,100,101,102,120,121 & 122 OF BALOCHISTAN LOCAL GOVERNMENT ACT, 2010. IN CASE OF ANY VIOLATION OF THE PROVISIONS OF LAW, LOCAL GOVERNMENT & RURAL DEVELOPMENT DEPARTMENT CONCERNED OFFICERS/SIGNATORIES OF ABOVE-MENTIONED OFFICES SHALL BE HELD SRESPONSIBLE (.)

4. FURTHER, THE INSTRUCTION QUOTED IN FINANCE DEPARTMENT'S LETTER NO.SO-VI(B)1-2/2016-17/769-819, DATED 27TH OCTOBER, 2016 REGARDING INTERNAL CONTROL MECHANISM OF LOCAL COUNCILS SHALL BE FOLLOWED IN LETTER AND SPIRIT WHILE INCURRING THE RELEASED AMOUNT.(.)

5. FURTHER, THE BALOCHISTAN LOCAL GOVERNMENT BOARD / ADMINISTRATIVE DEPARTMENT IS ADVISED THAT THE EXPENDITURE PAYMENT OF THIS AMOUNT MAY BE INCURRED WITH THE CONFINES OF FINANCIAL RULE & POLICES AS WELL AS AFTER COMPELTING / OBSERVING ALL CODAL FORMALITIES, AND ENSURING NON DRAWL OF THE AMOUNT PREVIOUSLY. IN CASEW SUCH KIND OF MISUSE OF FUNDS THE SECTERARY BALOCHISTAN LOCAL GOVERNMENT BOARD & CONCERNED DDO WILL BE HELD RESPONSIBLE.

(SHABBIR HUSSAIN)
SECTION OFFICER (BUDGET-VIII)
FINANCE DEPARTMENT

NO.FD.SO-VIII(BUDGET)4-6/2025-26/3822-31

DATED QUETTA THE 12TH FEBRUARY, 2026

COPY FOR INFORMATION AND NECESSARY ACTION TO:-

1. The Secretary Local Government, Government of Balochistan, Quetta, is requested to take necessary action. Furthermore, it is requested that the matter be submitted to the Local Council Finance Commission for ex-post facto sanction at its upcoming meeting.
2. The Accountant General Balochistan, Quetta (Mr. Mohd: Hussain A.O. Book Section).
3. The Director General Treasury & Accounts Balochistan, Quetta.
4. The Director Local Fund Audit Balochistan Quetta (You are directed to do the needful on their part as laid down above).
5. The Director (Network) Computer Cell of Finance Department for necessary action.
6. The Secretary Balochistan Local Government Board Balochistan, Quetta.
7. The Chief Accounts Officer Finance Department
8. PS to Secretary Finance.
9. Master File.

(SHABBIR HUSSAIN)
SECTION OFFICER (BUDGET-VIII)
FINANCE DEPARTMENT

THE ABOVE MENTIONED AMOUNT IS DEBITABLE TO FUND BC21033 (33) RURAL DEVELOPMENT AND
 OBJECT CODE QA8019-GRANT IN AID FOR LOCAL COUNCILS AND DETAILED OBJECT CODE A05204-TO TMAS-011-
 GRANT IN AID FOR ANNUAL DEVELOPMENT PROGRAMM OF LOCAL COUNCILS DURING THE CURRENT FINANCIAL
 YEAR 2024-25. NO CLAIM SHALL BE PAID WITHOUT PRE-AUDIT BY THE CONCERNED LOCAL FUND AUDIT (LFA) OR
 ANY OTHER OFFICER / OFFICIAL DULY AUTHORIZED / DESIGNATED BY THE FINANCE DEPARTMENT WHO ARE
 RESPONSIBLE FOR PRE-AUDIT OF CLAIMS OF LOCAL COUNCILS (.)

3. THE FINANCE DEPARTMENT HAS RELEASED FUNDS AMOUNTING TO Rs.8,610,000,000/- (RUPEES
 EIGHT BILLION SIX HUNDRED TEN MILLION ONLY) ON ACCOUNT OF DEVELOPMENT IN RESPECT OF ABOVE
 MENTIONED LOCAL COUNCILS (.) AS PER DETAILS RECEIVED FROM GOVERNMENT OF BALOCHISTAN LOCAL
 GOVERNMENT & RURAL DEVELOPMENT DEPARTMENT/ BALOCHISTAN LOCAL GOVERNMENT BOARD'S LETTER NO.2-
 1084/ (BLGB) 2024-25/A.0-I/18605-11 DATED 10TH NOVEMBER, 2025 (.) HOWEVER, THE RELEASE IS SUBJECT TO
 FULFILLMENT OF THE REQUIREMENTS LAID DOWN UNDER SECTIONS 98, 99,100,101,102,120,121 & 122 OF
 BALOCHISTAN LOCAL GOVERNMENT ACT, 2010. IN CASE OF ANY VIOLATION OF THE PROVISIONS OF LAW, LOCAL
 GOVERNMENT & RURAL DEVELOPMENT DEPARTMENT CONCERNED OFFICERS/SIGNATURES OF ABOVE MENTIONED
 OFFICES SHALL BE HELD RESPONSIBLE (.)

4. FURTHER, THE INSTRUCTION QUOTED IN FINANCE DEPARTMENT'S LETTER NO.SO-VI(B)1-2/2016-
 17/769-819, DATED 27TH OCTOBER, 2016 REGARDING INTERNAL CONTROL MECHANISM OF LOCAL COUNCILS
 SHALL BE FOLLOWED IN LETTER AND SPIRIT WHILE INCURRING THE RELEASED AMOUNT.(.)

(SHABIB HUSSAIN)
 SECTION OFFICER (BUDGET-XII)
 FINANCE DEPARTMENT

NO.FD.SO-XII (BUDGET) 7-4/2024-25/2171-80

DATED QUETTA THE, 21ST NOVEMBER, 2025

Copy for information and necessary action to:-

- 1 The Secretary o Local Government, Government of Balochistan, Quetta.
- 2 The Accountant General Balochistan, Quetta (Mr. Mohd: Hussain A.O. Book Section).
- 3 The Director General Treasury & Accounts Balochistan, Quetta.
- 4 The Director Local Fund Audit Balochistan Quetta.
- 5 The Director (MIS) Computer Cell Finance Department for information and necessary action.
- 6 The Secretary, Balochistan Local Government Board Quetta.
- 7 The Chief Accounts Officer Finance Department Quetta.
- 8 PS to Secretary Finance Department.
- 9 Master File

(SHABIB HUSSAIN)
 SECTION OFFICER (BUDGET-XII)
 FINANCE DEPARTMENT

Amendment of section 87, Act V of 2010.

28. In the said Act, in section 87, for the word “Government” wherever appearing, may be substituted with the word “Board” and the following provision shall be added: -

“Provided that a Local Council, subject to approval of the Local Government Board, may engage Registered Community Based Organizations (CBOs)/ Community Institutions (CIs) in its local area development or execute such projects funded by the Donor Organizations/ Agencies”.

Amendment of section 97, Act V of 2010

29. In the said Act, in section 97, in sub-section (1), the word “Government” shall be substituted with the word “Finance Department”.

Amendment of section 100, Act V of 2010.

30. In the said Act, for section 100, the following shall be substituted: -

(1) A Local Council shall prepare its Budget in the prescribed manner and forward it to the Office concerned in the following manner: -

“(i) a Union Council to the District Council Office for technical scrutiny;

(ii) an Urban Union Council, a District Council, a Municipal Committee, a Municipal Corporation, Town Municipal Corporation and Metropolitan Corporation to office of the Divisional Director Local Councils for technical scrutiny; and

Provided that the Budgets of Local Councils shall be passed and approved by the respective Local Councils after technical scrutiny from the respective Offices”.

Provided further that in absence of an elected Local Council, the Budget of the Local Council concerned shall be passed by the Board in the manner as prescribed.

Provided also that in case of non-preparation of a Budget before the commencement of a Financial Year, the Budget for that Local Council shall be prepared and approved by the Board as prescribed.

Amendment of section 101, Act V of 2010.

31. In the said Act, for section 101, the following shall be substituted: -

(1) The accounts of all receipts and expenditures of a local council shall be kept in such form and in accordance with such principles and methods as may be prescribed.

(2) In addition to maintenance of accounts by a local council, the Local Fund Audit shall maintain the accounts of the local councils.

(3) The Local Fund Audit of the Government shall pre-audit all the payments from the Local Fund.

(4) A local council shall not withdraw or disburse money from the Local Fund unless it is pre-audited in the prescribed manner.

(5) The Local Fund Audit shall, by fifteenth day of July, prepare an annual statement of receipts and expenditures of the accounts of local councils for the preceding financial year and shall transmit the statement to the Board and the concerned local council.

(6) A copy of the annual statement of accounts shall be displayed at a conspicuous place in the office of the local council for public inspection and all objections or suggestions concerning such accounts received from the public shall be considered by the local council and appropriate decision shall be taken.

Amendment of section 110, Act V of 2010.

32. In the said Act, in section 110, in sub-section (2) the words “with prior approval of the Government” shall be substituted with the words “in the manner as may be prescribed by the Government” after second proviso, the following third proviso shall be added: -

“Provided further that the District Committee, to be notified by the Government, shall accord approval for further extension of the already leased out immovable property.”

Amendment of section 116, Act V of 2010

33. In the said Act, in section 116, in sub-section (3) and in sub-section (4), the word “Government”, wherever appearing, shall be substituted with the word “Board”.

Amendment of section 119, Act V of 2010

34. In the said Act, in section 119, the word “Government”, wherever appearing, may be substituted with the word “Board”.

Amendment of section 120, Act V of 2010.

35. In the said Act, for section 120, along with marginal heading, the following shall substitute: -

“120. Local Councils Finance Commission: -The Chief Minister shall constitute a Local Councils Finance Commission headed by the Minister Finance, Minister Local Government as Co-Chairman and with the Additional Chief Secretary (Development) and Secretaries of Finance and Local Government Departments as members for award of share and grant to the Local Councils”.

Amendment of section 121, Act V of 2010.

36. In the said Act, in section 121, -

(a) in the heading, for the words “Local Council Grants Committee” the words “Local Council Finance Commission” shall be substituted;