



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL
ADMINISTRATIONS
DISTRICT JHELUM
AUDIT YEAR 2014-15**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Program
CCB	Citizen Community Board
CDG	City District Government
DAC	Departmental Accounts Committee
DDC	District Development Committee
FD	Finance Department
IESCO	Islamabad Electric Supply Company
IPSAS	International Public Sector Accounting Standards
LG &CD	Local Government & Community Development
MFDAC	Memorandum for Departmental Accounts Committee
NAM	New Accounting Model
PAC	Public Accounts Committee
PDG	Punjab District Governments
PLG	Punjab Local Government
PLGB	Punjab Local Government Board
PLGO	Punjab Local Government Ordinance
PDSSP	Punjab Devolved Social Sector Program
PPRA	Punjab Procurement Regulatory Authority
TAC	Town Accounts Committee
TMA	Town/Tehsil Municipal Administration
TMO	Town Municipal Officer
TO (F)	Town Officer (Finance)
TO (I&S)	Town Officer (Infrastructure & Services)
TO (P&C)	Town Officer (Planning & Coordination)
TO (R)	Town Officer (Regulation)
TTIP	Tax on Transfer of Immoveable Property

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance 2001, require the Auditor General of Pakistan to audit the accounts of the Provincial Governments and the accounts of any authority or body established by, or under the control of the Provincial Government. Accordingly, the audit of all receipts and expenditures of the Local Fund and Public Accounts of Tehsil Municipal Administrations of the District is the responsibility of the Auditor General of Pakistan.

The report is based on audit of the accounts of various offices of the Tehsil Municipal Administrations of District Jhelum for the Financial Year 2013-14. The Directorate General of Audit District Governments Punjab (North), Lahore conducted audit during 2014-15 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs 1.00 million or more. Relatively less significant issues are listed in the Annex-A of the Audit Report. The Audit observations listed in the Annex-A shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

The audit results indicate the need for adherence to the regularity frame work besides instituting and strengthening internal controls to prevent recurrence of such violations and irregularities.

The observations included in this Report have been finalized after discussion of Audit Paras with the management. However, no Departmental Accounts Committee meeting by PAO was convened despite repeated requests.

The Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 to cause it to be laid before the Provincial Assembly of Punjab.

Islamabad
Dated:

(RANA ASSAD AMIN)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (North), Lahore is responsible to carry out the audit of District Governments, Town / Tehsil Municipal Administrations and Union Administrations of three (3) City District Governments and sixteen (16) District Governments. Its Regional Directorate of Audit, Rawalpindi has audit jurisdiction of District Governments, Town / Tehsil Municipal Administration and Union Administrations of one City District Government i.e. Rawalpindi and three (3) District Governments i.e. Jhelum, Chakwal and Attock.

The Regional Directorate of Audit Rawalpindi has a human resource of fifteen (15) officers and staff, constituting 1,574 man-days and the annual budget of Rs. 17.567 million for the financial year 2014-2015. It has the mandate to conduct Financial Attest audit, Regularity Audit and Compliance with Authority & Performance Audit of entire expenditure including programs / projects & receipts. Accordingly, the Directorate General of Audit District Governments Punjab (North), Lahore carried out audit of the accounts of various offices of the TMAs of District Jhelum for the financial year 2013-2014.

Each Tehsil Municipal Administration, in District Jhelum conducts its operation under Punjab Local Government Ordinance, 2001. Town / Tehsil Municipal Officer is the Principal Accounting Officer (PAO) and acts as coordinating and administrative officer, responsible to control land use, its division and development and to enforce all laws including Municipal Laws, Rules and Bye-laws. The PLGO, 2001 requires the establishment of Tehsil/Town Local Fund and Public Account for which Annual Budget Statement is authorized by the Tehsil Nazim Tehsil Council / Administrator in the form of Budgetary Grant.

Audit of TMAs of District Jhelum was carried out with the view to ascertaining that the expenditure was incurred with proper authorization and in-conformity with laws / rules / regulations, economical procurement of assets and hiring of services etc.

Audit of receipts/ revenue was also conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules, resulting in no leakage of revenue and revenue did not remain outside Government Account / Local Fund.

a. Scope of Audit

Total expenditure of four (4) TMAs of District Government Jhelum for the Financial Year 2013-14 under the jurisdiction of DG District

Audit (N) Punjab was Rs. 531.169 million, covering four (4) PAOs and four (4) formations. Out of this DG District Audit (N) Punjab audited an expenditure of Rs. 174.932 million which in terms of percentage was 32.93% of auditable expenditure.

Total receipts of the four (4) TMAs in District Government Jhelum for the Financial Year 2013-2014, were Rs. 465.557 million. DG District Audit (N) Punjab audited receipts of Rs. 231.725 million which was 49.77% of total receipts.

b. Recoveries at the instance of audit

Recoveries of Rs. 14.369 million were pointed out through various audit paras which were not in the notice of the executive before audit but no recovery was effected till compilation of this Report

c. Audit Methodology

Audit was performed through understanding the business process of TMAs with respect to functions, control structure, prioritization of risk areas by determining the significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity.

d. Audit Impact

A number of improvements as suggested by audit, in maintenance of record and procedures have been initiated by the concerned departments, however audit impact in shape of change in rules, has been less materialized due to non-convening of regular PAC meetings. Had PAC meetings been regularly convened, audit impact would have been manifold.

e. Comments on Internal Control and Internal Audit Department

Internal control mechanism of the TMAs of District Government Jhelum was not found satisfactory during audit. Many instances of weak Internal Controls have been highlighted during the course of audit which includes some serious lapses like withdrawal of public funds against the entitlement of employees. Negligence on the part of TMAs authorities may be captioned as one of important reasons for weak Internal Controls.

Section 115-A (1) of PLGO, 2001, empowers Town / Tehsil Municipal Administration to appoint an Internal Auditor but the same was not appointed in Town / Tehsil Municipal Administrations.

f. Key Audit Findings

- i. Likely misappropriation of Rs. 28.065 million noted in one (1) case¹.
- ii. Non Production of Record Rs. 166.344 noted in one (1) case².
- iii. Irregularities/Non compliance of Rs. 51.834 noted in five (5) cases³.
- iv. Performance related issues of Rs. 14.369 million noted in two (2) cases⁴.

Audit paras on the accounts for 2013-14 involving procedural violations including internal control weaknesses, and irregularities not considered worth reporting to the PAC have been included in Memorandum For Departmental Accounts Committee (Annex-A).

g. Recommendations

Audit recommends that the PAO / Management of TMAs should ensure to resolve the following issues seriously, regarding:

- i. Producing of record to audit for verification.
- ii. Holding investigations for wastage, fraud, misappropriation and losses, and take disciplinary actions after fixing responsibilities.
- iii. Strengthening of internal controls.
- iv. Appointing of internal auditor.
 - v. Holding of DAC meetings well in time.
- vi. Ensuring compliance of DAC directives and decisions in letter and spirit.
- vii. Expediting the recoveries pointed out by Audit as well as others recoverable in the notice of management.
- viii. Ensuring compliance of relevant laws, rules, instructions and procedures, etc.
- ix. Maintaining of accounts and record in proper manner.
 - x. Taking appropriate action against officers/officials responsible for violation of rules and losses.
- xi. Realizing and reconciling of various receipts.
- xii. Taking stock physically of the fixed and current assets.
- xiii. Addressing systemic issues to prevent recurrence of various omissions and commissions.

¹ Para 1.2.2.1

² Para 1.2.1.1

³ Para 1.2.3.1 to 1.2.3.5

⁴ Para 1.2.4.1 to 1.2.4.2

SUMMARY TABLE & CHARTS

Table 1: Audit Work Statistics

Sr. No.	Description	No.	Budget (Rs. in million)
1	Total Entities (PAOs) in Audit Jurisdiction	4	572.475
2	Total Formations in Audit Jurisdiction	4	572.475
3	Total Entities (PAOs) Audited	1	240.031
4	Total Formations Audited	1	240.031
5	Audit & Inspection Reports	1	240.031
6	Special Audit Reports	Nil	Nil
7	Performance Audit Reports	Nil	Nil
8	Other Reports	Nil	Nil

Table 2: Audit observation regarding Financial Management

Sr. No.	Description	Amount Placed under Audit Observation (Rs. in million)
1	Unsound asset management	-
2	Weak financial management	91.437
3	Weak internal controls relating to financial management	14.369
4	Others	166.344
TOTAL		272.15

Table3: Outcome Statistics

Rs. in million							
Sr. No.	Description	Expenditure on Acquiring Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last year
1	Outlays Audited	1.193	30.638	166.344	143.101	341.276*	217.68
2	Amount Placed under Audit Observation/ Irregularities of Audit	0	28.065	180.713	63.372	272.15	175.41
3	Recoveries Pointed Out at the instance of Audit	0	0	14.369	0	14.369	97.118
4	Recoveries Accepted/ Established at the instance of Audit	0	0	0	0	0	0
5	Recoveries Realized at the instance of Audit	0	0	0	0	0	0*

* The amount in serial No 1 column of "total 2013-14" is the sum of Expenditure and Receipts, whereas the total expenditure audited for the year 2013-14 was Rs174.932 million

Table4: Irregularities Pointed Out

Sr. No.	Description	Amount Placed under Audit Observation (Rs in million)
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	63.372
2	Reported cases of fraud, embezzlement, theft and misappropriations and misuse of public funds.	28.065
3	Accounting errors (accounting policy departure from IPSAS, misclassification, overstatement or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements	
4	Quantification of weaknesses of internal control systems	0
5	Recoverable, overpayments or unauthorized payments of public money.	14.369
6	Non-production of record.to Audit.	166.344
7	Others, including cases of accidents, negligence etc.	0
	Total	272.15

Table 5: Cost-Benefit

Sr. No.	Description	Amount (Rs in million)
1	Outlays Audited (Items1of Table3)	341.276
2	Expenditure on Audit	2.196
3	Recoveries realized at the instance of Audit	-
4	Cost Benefit Ratio	1:0

CHAPTER-1

1.1 City District Government, Jhelum

1.1.1 Introduction of Departments

TMA consists of Town Nazim, Town Naib Nazim and Town Municipal Officer. Each TMA comprises of five Drawing and Disbursing Officers i.e. TMO, TO-Finance, TO-I&S, TO-Regulation, TO-P&C and Town Nazim and Naib Nazim. The main functions of TMAs are as follows:-

1. Prepare spatial plans for the Town including plans for land use, zoning and functions for which TMA is responsible;
2. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations;
3. Enforce all municipal laws, rules and by-laws governing TMA's functioning;
4. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils;
5. Propose taxes, cess, user fees, rates, rents, tolls, charges, surcharges, levies, fines and penalties under Part-III of the Second Schedule and notify the same;
6. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties;
7. Manage properties, assets and funds vested in the Town Municipal Administration;
8. Develop and manage schemes, including site development in collaboration with District Government and Union Administration;
9. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice;
10. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction;
11. Maintain municipal records and archives.

1.1.2 Comments on Budget and Accounts (Variance Analysis)

Total Budget of one (01) TMAs selected for audit was Rs. 240.031 million (inclusive Salary, Non-salary and Development) whereas the expenditure incurred (inclusive Salary, Non-salary and development) was Rs. 174.932 million showing savings of Rs. 65.099 million which in terms of percentage was 27% of the final budget (detailed below). Less utilization of development budget (3%) deprived the community from getting better municipal facilities.

(Rs in million)

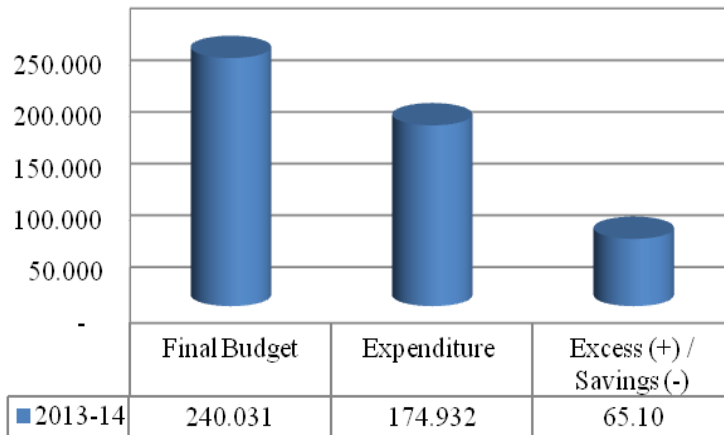
2013-2014	Budget	Expenditure	Excess (+) / Saving (-)	%(Saving)
Salary	135.773	94.774	-40.999	30
Non-salary	55.442	50.558	-4.884	9
Development	48.816	29.6	-19.216	39
Total	240.031	174.932	-65.099	27

The budgeted outlay was Rs. 240.031 million of one (01) TMA includes PFC award of Rs. 80.400 million whereas total expenditure incurred by the TMA during 2013-14 was Rs. 174.932 million with a savings of Rs. 65.009 million (detailed below). This is indicative of the fact that the TMAs had sufficient funds to meet the expenditure from their own sources and there was no need of any injection of PFC award.

(Rs in million)

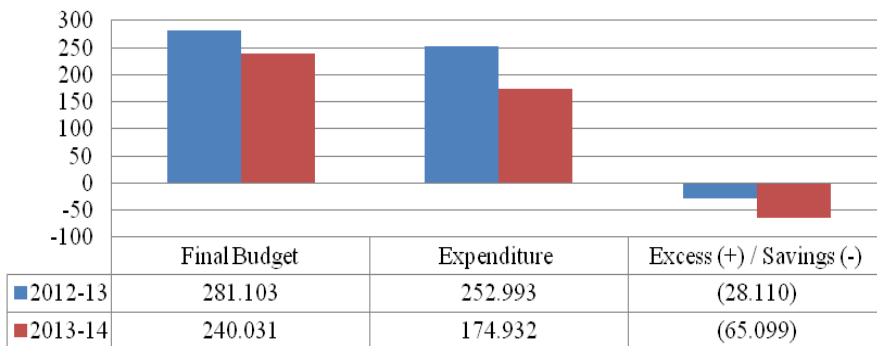
TMA	Budgeted Figure			Budgeted Outlay	Actual Expenditure	Savings	%age of Savings
	Own receipt including OB	PFC award	Total Receipts				
TMA Jhelum	151.325	80.400	231.725	240.031	174.932	65.099	27.1

Budget & Expenditure 2013-14 Rs in Million



The comparative analysis of the budget and expenditure of current and previous financial years is depicted as under:

Comparison of Budget & Expenditure 2012-13 and 2013-14 Rs in million



There was savings in the budget allocation of the financial year 2012-13 and 2013-14 as follows:

(Rs in million)

Financial Years	Budget	Expenditure	Savings	% of Saving
2012-13	281.103	252.993	28.110	10
2013-14	240.031	174.932	65.099	27

The justification of saving when the development schemes have remained incomplete is required to be provided, explained by PAOs and TMOs concerned.

1.1.3 Brief Comments on the Status of Compliance on MFDAC Paras of Audit Year 2013-14

Audit paras reported in MFDAC of last year audit report which have not been attended in accordance with the directives of DAC have been reported in Part-II of Annex-A.

1.1.4 Brief Comments on the status of compliance with PAC Directives

The audit reports pertaining to following years were submitted to Governor of the Punjab:

Status of Previous Audit Reports

S. No.	Audit Year	No. of Paras	Status of PAC Meetings
1	2009-12	24	Not convened
2	2012-13	08	Not convened
3	2013-14	08	Not convened

1.2 AUDIT PARAS

1.2.1 TMA, JHELUM

1.2.1 Non-production of Record

1.2.1.1 Non-production of Record – Rs. 166.344 million

According to Section 14 (2) of Auditor General's (Functions, Powers and Terms and Conditions of Service), Ordinance, 2001 read with Section 115 (6) of PLGO, 2001, the officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

Tehsil Municipal Officer Jhelum did not produce all major record pertaining to receipts & recoveries i.e Bank statements, Deposit challans & Classified Cash Books etc worth Rs. 166.344 million for the year 2013-14. In the absence of record, authenticity, validity, accuracy and genuineness could not be verified.

Audit is of the view that relevant record was not produced to Audit for verification which may lead to likely misappropriation and misuse of public resources. In the absence of record, authenticity, validity and accuracy of expenditure worth Rs. 166.344 million could not be verified.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends that matter be inquired and fix responsibility on the delinquent officers/ officials for non-production of record and ensure submission of record to audit for scrutiny.

[AIR Para No.1]

1.2.2 Misappropriation

1.2.2.1 Suspected Embezzlement -Rs28.065 million

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by the government through fraud or negligence on his part.

Scrutiny of record of the Tehsil Municipal Officer Jhelum revealed that TMA officials were suspected to be involved in massive embezzlement of TTIP amounting to Rs28.064 million. Embezzlement was made through bogus deposit challans, tempering/interpolation in the Cash Book and by using challan forms printed in year 2014 but used for the registration made in the year 2013.

Audit holds that due to weak internal controls, huge loss to the TMA Jhelum was caused by the functionaries of TMA Jhelum

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends inquiry and fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No-2]

1.2.3 Irregularity and Non-compliance of Rules

1.2.3.1 Irregular Execution of Development Schemes - Rs30.638 million

As per instructions contained in Government of the Punjab, Finance Department Notification No. FD letter No FD (F-R) ii 2/89 dated 27-03-1990 that in order to watch the transparency that the Estimate of the work has been technically sanctioned by the component authority prior to start of work. The number, date and amount of TS estimate and name of authority who technically sanctioned the estimate should be mentioned in the notice of press advertisement. Further, Government of the Punjab, Finance Department Notification No FD No RO (tech) 1-2/83-iv dated 29-03-2009 describes that a certificate should be obtained from end user that satisfactory repair / execution has been carried out before releasing the final payment to the contractor.

Tehsil Municipal Officer Jhelum executed 47 development schemes amounting to Rs30.638 million during 2013-14 .It was observed that TS estimate number was not provided in the advertisement dated 11.10.2013. Further, tenders opening date was 20.10.2013 which indicated that insufficient time for filling tender was given to the contractors. Also, the department did not produce post completion evaluation report of development schemes. Due to non-availability of completion certificate, chances of advance payment without execution of work could not be ruled out.

Audit holds that due to poor internal control and mismanagement the irregularity occurred resulting in loss to the public exchequer.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends fixing responsibility against the person(s) at fault besides regularization under intimation to Audit.

[AIR Para No.11]

1.2.3.2 Irregular Budget Estimates- Rs. 27.998 million

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by the government through fraud or negligence on his part.

Tehsil Municipal Officer Jhelum prepared budget estimates causing shortfall of Rs. 27.998 million. It was also observed that budget estimate for the year 2013-14 was not prepared on the prescribed forms as required under the Punjab Local Govt. (Budget) Rules 2003. Further Annual Development Programme showing development schemes was not shown annexed with the budget. Arrears of previous years have been shown as income of current year. The actual income received during the year 2013-14 indicated that target fixed in the heads in the budget of the concerned year were not achieved. The actual income received under these heads during the year 2013-14 was less than budget targets as detailed below:

Head	Budgeted target (Rs)	Recovery as per Annual Account (Rs)	Less Recovery (Rs)
Advertisement Fees	7,010,000	3,866,850	3,143,150
License Fees	250,000	151,000	99,000
Slaughter House	675,000	51,000	624,000
Copying Fees	300,000	186,550	113,450
Fee of cattle mandi jada	2,167,000	857,704	1,309,296
Adda parking fees	2,380,000	2,007,600	372,400
Rikshaw fees	3,800,000	2,539,000	1,261,000
Water rates	14,800,000	4,745,499	10,054,501
Sewerage rate	2,650,000	2,026,152	623,848
Rent of shops	26,500,000	19,391,205	7,108,795
Road cut charges	100,000	23,277	76,723
Board fees	100,000	7,427	92,573
Sale of Stock	100,000	-	100,000
Sale of trees	50,000	-	50,000
Sale of water	10,000	3,000	7,000
Contractor registration fee	400,000	340,100	59,900
Misc income	200,000	138,762	61,238
Commercialization fee	7,700,000	4,859,070	2,840,930
Total	69,192,000	41,194,196	27,997,804

Audit holds that due to weak internal control and negligence, budget targets could not be achieved and resulted in shortfall of budgeted income.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends that appropriate action be taken besides fixing responsibility against the person(s) held responsible under intimation to Audit.

[AIR Para No-05]

1.2.3.3 Mismatch of Departmental Figures with Annual Accounts-Rs. 2.343 million

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he would be held personally responsible for any loss sustained by the government through fraud or negligence on his part.

Audit of the accounts of Tehsil Municipal Officer Jhelum revealed that receipt figures provided by the branches of TMA did not match with the figures incorporated in Annual Accounts 2013-14 compiled by the Tehsil Accounts Officer. This resulted in a difference of Rs2.343 million as detailed below:

Head	Departmental Figure (Rs)	Figures in Annual Account (Rs)	Difference (Rs)
Building Application fees	8,959,438	9,377,963	418,525
License Fees	145,200	151,000	5,800
Copying Fees	188,550	186,550	2,000
Rent of Shops	19,339,904	19,391,205	51,301
Road cut charges	23,277	27,980	4,703
Sale of Water	9,000	3,000	6,000
Contractor registration fees	434,000	340,100	93,900
Commercialization fees	6,283,299	4,859,070	1,424,229
Fine from enforcement + Fine composition	913,180	1,249,895	336,715
		Total	2,343,173

Audit holds that due to weak internal control and negligence, the figures did not reconcile / match.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends inquiry and fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No-03]

1.2.3.4 Irregular Transfer of Funds to PLGB –Rs. 1.200 million

As per Section 109(3) of PLGO, 2001, no local Government shall transfer monies to a higher level except by way of re payment of debts contracted before the coming into force of this Ordinance,

Tehsil Municipal Officer Jhelum transferred an amount of Rs. 1.200 million to Punjab Local Government Board (PLGB) during 2013-14 on account of payment of contribution towards the maintenance fund of PLGB. The payment was made on the direction of Secretary PLGB Lahore in violation of above rule and without concurrence of Finance Department, Government of Punjab.

Audit holds that due to poor internal control and financial mismanagement, the irregularity occurred resulting in loss to the public exchequer.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No-07]

1.2.3.5 Irregular Expenditure on Account of Sasta Ramzan Bazar – Rs. 1.193 million

According to Rule 42(b) (1) PPRA, 2014 a procuring agency shall engage in this method of procurement (quotations) only if the cost of object of procurement is below the prescribed limit of one hundred thousand rupees.

Tehsil Municipal Officer Jhelum incurred an expenditure of Rs. 1.193 million for establishment of Sasta Ramzan Bazaar during 2013-14. Expenditure was irregular as it was incurred in violation of PPRA rules. Payments were made to M/s Waleed Tent Service which was not registered with sales tax department and sales tax @ 17 % was not found deposited.

Audit holds that due to weak internal controls and negligence, the formalities were not observed resulting in loss to government.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No-05]

1.2.4 Performance

1.2.4.1 Non-realization of Water/Sewerage Rate Charges – Rs. 11.538 million

According to Rule 76(1) read with Rule 77, 78 & 79 of PDG & TMA (Budget) Rules, 2003 the primary obligation of the collecting officer shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head.

Tehsil Municipal Officer Jhelum realized only an amount of Rs 6,771,651 against the total recoverable amount of Rs18, 309,445 on account of water/sewage rate charges. This resulted in non-recovery of Rs11, 537,794 during 2013-14 as detailed below:

(Amount in Rs)

Water/Sewerage Connections	Water/Sewerage Rates Arrears	Water/sewage Rates Current	Total Recoverable	Recovered	Non recovered
9,219	11,000,000	4,500,000	15,500,000	4,745,499	10,754,501
2,145	1,609,445	1200,000	2,809,445	2,026,152	783,293
		Total	18,309,445	6,771,651	11,537,794

Audit hold that due to poor internal control and weak financial management, the amount of water/sewage charges Rs11.538 million was not collected as per approved rates resulting in loss to the government.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No 06 &.08]

1.2.4.2 Loss to Government Due to Non-completion of Works – Rs. 2.831 million

According to the Rule 51(b) of Punjab TMA (Works Rules) 2003, the Tehsil Officer (Infrastructure & Services) and his subordinates shall be responsible for ensuring that all works are executed in accordance with the specifications in the sanctioned estimates, and the provisions of these rules.

Tehsil Municipal Officer Jhelum executed four schemes during 2013-14 with the tendered amount of Rs. 5.100 million. It was observed that these schemes were found incomplete despite payment of Rs. 2.831 million as detailed below:

Sr. No.	Item	Date of Commencement	Completion date	Amount (Rs)	Expenditure incurred (Rs)
1	Const of PCC Street Masjid noorani Kala Gujran	01.11.2013	01-02-2014	600,000	121,304
2	P/L Sewer Pipeline 42" dia near Suleman Paras	17.11.2013	17-02-2014	300,000	99,187
3	Const of PCC Street /drain Dhaki Raja Akram	01.11.2013	01-02-2014	1,500,000	1,071,810
4	Const of PCC Street /drain kotli syedan	01.11.2013	01-06-2014	2,700,000	1,539,041
Total				5,100,000	2,831,342

Audit holds that due to poor internal control and mismanagement, the schemes were not completed resulting in loss to the public exchequer.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in January, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

Audit recommends fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para.No.4]

ANNEXURES

PART-I

**Memorandum for Departmental Accounts Committee
Paras Pertaining to Current Audit Year 2014-15**

Sr. No.	Name of TMA	AP #	Description of Paras	Amount (Rs)	Nature of Para
1	TMA Jhelum		Unjustified deduction of inapplicable tax	205,343	Non Compliance of Rules
2			Poor Performance of Regulation Wing	Nil	Non Compliance of Rules
3			Non-verification of GST	Nil	Non Compliance of Rules
4			Non auction of old material	Nil	Non Compliance of Rules
5			Unlawful collection self imposed fine		Non Compliance of Rules
6			Loss to Local Govt due to non auction of TMA Canteen		Losses/ Recoveries

PART-II

**Memorandum for Departmental Accounts Committee
Paras Pertaining to previous Audit Year 2013-14**

Sr. #	Name of TMA	AP #	Description of Paras	Amount (Rs in million)	Nature of Irregularity
1	TMA Dina		Non approval of building plans worth Rs566,782	0.567	Non Compliance of Rules
2			Poor financial management due to non allocation of M&R funds Rs13.150 million	13.150	
3			Non recording of Rs8.985 million	8.985	
4			Non maintenance of cash book /Non reconciliation of expenditure by DDO Rs.101.727 million	101.727	
5			Irregular Payment of Non-Schedule Items	0.455	
6			Excess expenditure due to provision of rich specification	0.299	
7			Non deduction of 10% of shrinkage charges	0.081	Recoverable
8	TMA PD Khan		Non Maintenances of Cash Book in Proper Manner		Non Compliance of Rules
9			Unjustified Purchase of POL Rs 3.200 Million	3.200	
10			Doubtful Payment on account of repair of Vehicles of Rs 1.169 Million	1.169	
11			Doubtful Payment on account of Punjab Youth Festival Rs825,000	0.825	
12			Irregular Purchase of Machinery and Equipments	0.600	
13			Doubtful purchase of Electric Items.	0.150	
14			Short realization of Government Receipt.	0.127	
15			Doubtful Payment on purchase of insecticides	0.100	
16		Irregular creation of Liability Rs 1.600 Million	1.600		
17	TMA Jhelum		Un-authentic Govt. receipt due to non-conduction of survey of manufacturers, vendor and trader		Non Compliance of Rules
18			Doubtful expenditure	0.046	
19			Un-authorize payment	0.066	
20			Overpayment	0.133	
21			Un-authorize payment	0.215	

Sr. #	Name of TMA	AP #	Description of Paras	Amount (Rs in million)	Nature of Irregularity
22			Irregular expenditure of due to Splitting of Purchase Transaction	0.223	
23			Doubtful expenditure	0.256	
24			Overpayment of diesel – Rs 286,220	0.286	
25			Loss to Government due to Non-imposing of Penalty	0.550	Recoverable
26			Irregular transfer of funds to PLGB	0.816	Non Compliance of Rules
27			Fictitious tendering valuing Rs101 million	101.000	
28			Doubtful payment of Rs 99.132 million	99.132	
29			Irregular / doubtful purchase of diesel – Rs 7.0 million	7.000	
30			Un-justified expenditure Rs 3.44 million	3.440	
31			Doubtful payment of Rs 3.0 million	3.000	
32			Non Allocation of 2% Sport Fund from Development Fund Rs 2.32 million	2.320	
33			Fictitious payment of Rs 1.415 million	1.415	
34			Overpayment due to incorrect application of rate – Rs 1.185 Million	1.185	
35			Un-justified expenditure of diesel – Rs 1.058 million	1.058	
36			Un-authorized Payment of Rs 17.96 million	17.960	
37			Un-Justified Provision of Less Contingency	0.048	Non Compliance of Rules
38			Non Deduction of GST	0.051	
39			Irregular expenditure without observing chart of classification Rs65.474 million	65.474	
40			Un-Authorized TS other than Local Govt. Engineer – Rs1.176 million	1.176	
41			Un-justified auction of collection rights to non-registered contractors Rs5.447 million	5.447	
42			Unjustified Collection of License Fee without Survey	0.064	
43			Non Collection of earth & shrinkage	0.075	Recoverable
44			Un-Justified payment of Arrear -	0.097	
45			Doubtful execution of Brick Work	0.107	Non Compliance of Rules
46			Uneconomical purchase of cable, Over payment	0.165	

Sr. #	Name of TMA	AP #	Description of Paras	Amount (Rs in million)	Nature of Irregularity
47	TMA Sohawa		Over Payment Due to Lump Sum measurement of CR Masonry –	0.180	Recoverable
48			Un-Justified payment of PCC 1:7:20 on Sand Stone bed –	0.180	
49			Non-collection of Map Fee -	0.187	
50			Less-recovery from Contractor	0.190	
51			Doubtful Consumption of POL -	0.216	Non Compliance of Rules
52			Excess payment of quantities	0.268	Recoverable
53			Unjustified expenditure on Rent of Generator -	0.300	Non Compliance of Rules
54			Non-Imposing Penalty – Rs393,203	0.393	Recoverable
55			Non crediting of Old Material	0.427	
56			Doubtful Expenditure on POL -	0.432	
57			Sub-standard execution of Work – Rs 693,969	0.693	
58			Record not produced Rs.867,015	0.867	
59			Irregular Purchase of Sanitary Items Rs700,000 & Non Deposit of Income Tax and GST Rs136,500	0.700	Non Compliance of Rules

TMA of Jhelum District
Budget and Expenditure Statement for Financial Years 2013-2014

TMA, JHELUM					
Financial Year 2013-2014				(Rs in million)	
Head	Budget	Expenditure	Excess / Savings	%age	Comments
Salary	135.773	94.774	-40.999	30	-
Non Salary	55.442	50.558	-4.884	9	-
Development	48.816	29.60	-19.216	39	-
Total	240.031	174.932	-65.099	27	