



**AUDIT REPORT
ON
THE ACCOUNTS OF TEHSIL
MUNICIPAL ADMINISTRATIONS
DISTRICT MANDI BAHA-UD-DIN**

AUDIT YEAR 2014-15

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
FD	Finance Department
LG&CD	Local Government & Community Development
MFDAC	Memorandum for Department Accounts Committee
NAM	New Accounting Model
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCC	Plain Cement Concrete
PDG	Punjab District Government
PLGO	Punjab Local Government Ordinance
PDSSP	Punjab Devolved Social Sector Programme
TMA	Town/Tehsil Municipal Administration
TMO	Town Municipal Officer
RCC	Reinforced Concrete Cement
TO (F)	Tehsil Officer (Finance)
TO (I&S)	Tehsil Officer (Infrastructure & Services)
TO (P&C)	Tehsil Officer (Planning & Coordination)
TO (R)	Tehsil Officer (Municipal Regulations)

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 Town / Tehsil Municipal Administrations of the City District / District Governments is the responsibility of the Auditor General of Pakistan.

The report is based on audit of the accounts of various offices Tehsil Municipal Administrations of District Mandi Baha-ud-Din 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 Rs1.00 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 framework 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 (DGA), District Governments, Punjab (North), Lahore is responsible to carry out the Audit of District Governments, Tehsil / Town Municipal Administrations and Union Administrations of three (03) City District Governments and sixteen (16) District Governments. Its Regional Directorate of Audit, Gujranwala has audit jurisdiction of District Governments, TMAs and UAs of one (01) City District Government i.e Gujranwala and five (05) District Districts i.e. Gujrat, Hafizabad, Mandi Baha-ud-Din, Narowal & Sialkot.

The Regional Directorate has a human resource of 17 officers and staff, total 4,760 man-days and the annual budget Rs16.337 million for the Financial Year 2014-15. It has the mandate to conduct Financial Attest Audit, Regularity Audit and Compliance with Authority and Performance audit of entire expenditure including programmes / projects & receipts. Accordingly, Director General Audit, District Governments, Punjab (North), Lahore carried out audit of the accounts of two TMAs of District Mandi Baha-ud-Din for the financial year 2013-14.

Each Town/Tehsil Municipal Administration in District Mandi Baha-ud-Din conducts its operations 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 / Town Nazim / Tehsil / Town Council / Administrator in the form of Budgetary Grant.

Audit of Tehsil Municipal Administrations in District Mandi Baha-ud-Din was carried out with the view to ascertaining whether the expenditure was incurred with proper authorization and in conformity with laws/rule/regulations for economical procurement of assets and hiring of services etc.

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

a. Scope of Audit

Out of three (03) TMAs, two (02) TMAs were audited. The expenditure of two (02) audited TMAs of District Mandi Baha-ud-Din for the Financial Year 2013-14 under the jurisdiction of DG District Audit (N) Punjab was Rs 350.087 million covering two (02) PAO and two (02) formations, Out of this, the Directorate General Audit (N) Punjab audited an expenditure of Rs 178.544 million which in terms of percentage, was 51% of the auditable expenditure.

Total receipts of the Tehsil Municipal Administrations of District Mandi Baha-ud-Din for the Financial Year 2013-14, were Rs 341.11 million. Directorate General Audit, audited receipts of Rs 221.72 million which was 65% of total receipts.

b. Recoveries at The Instance of Audit

Recovery of Rs99.293 million was pointed out during audit but no recovery was effected and verified during the year 2014-15 till compilation of Report.

c. Audit Methodology

Audit was performed through understanding the business processes 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 TMAs of District Mandi Baha-ud-din 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 of District Mandi Baha-ud-din authorities may be captioned as one of important reasons for weak Internal Controls.

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

f. Key Audit Findings of the report

- i. Non-compliance / irregularity of Rs 3.308 million was noted in three cases.¹
- ii. Weak Internal Controls of Rs 8.051 million was noted in one case.²
- iii. Non-realization of Government revenue of Rs 91.242 million was noted in four cases.³

Audit paras for the audit year 2014-15 involving procedural violations including internal control weaknesses, unsound asset management and irregularities not considered worth reporting are included in MFDAC (Annexure-A).

g. Recommendations

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

- i. Production of record to audit for verification.
- ii. Investigate cases involving wastage, fraud, misappropriation and losses, and take disciplinary actions after fixing responsibility.
- 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 other amounts pointed out by audit and conveyed to the management.
- viii. Ensure compliance of relevant laws, rules, instructions and procedures, etc.
- ix. Maintenance of accounts and record in prescribed format / manner.
- x. Realizing and reconciling of various receipts.
- xi. Physical stock-taking of the fixed and current assets.
- xii. Addressing systemic issues to prevent recurrence of various omissions and commissions.

¹Para:1.2.1.3, 1.3.1.1 & 1.3.1.2

²Para: 1.2.2.1

³Para: 1.2.1.1, 12.1.2, 1.31.3 & 1.3.2.1

SUMMARY OF TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)

Sr. #	Description	Number	Budget
1	Total Entities (PAOs) under Audit Jurisdiction	03	636.349
2	Total formations in under Audit Jurisdiction	03	636.349
3	Total Entities (PAOs) Audited	02	519.384
4	Audit & Inspection Reports	02	519.384
5	Special Audit Reports	-	-
6	Performance Audit Reports	-	-
7	Other Reports (Relating to TMAs)	-	-

Table 2: Audit Observations regarding Financial Management

(Rs in millions)

Sr. #	Description	Amount under audit observation
1	Asset management	-
2	Financial management	-
3	Internal controls	99.293
4	Violation of rules	3.308
5	Others	-
Total		102.601

Table 3: Outcome Statistics

(Rs in million)

Sr. #	Description	Expenditure on Acquiring of Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last year
1	Outlays audited	--	148.187	341.11	201.9	691.197*	1027.834
2	Amount placed under audit observation /irregularities of Audit	--	--	91.242	11.359	102.601	26.42
3	Recoveries pointed-out at the instance of Audit	--	--	91.242	8.051	99.293	23.242

Sr. #	Description	Expenditure on Acquiring of Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last year
4	Recoveries accepted / established at the instance of Audit	-	-	-	-	-	23.242
5	Recoveries realized at the instance of Audit	-	-	-	-	-	-

* The amount in serial No.1 column of "Total Current Year" is the sum of expenditure and receipts whereas the total expenditure for the current year was Rs350.087 million.

Table 4: Irregularities Pointed Out

(Rs in million)		
Sr. #	Description	Amount under Audit Observation
1	Violation of rules and regulations, principle of propriety and probity.	-
2	Reported cases of fraud, embezzlement, theft, misappropriations and misuse of public resources	-
4	Quantification of weaknesses of internal control systems	3.308
5	Recoveries, overpayments and loss to government	99.293
6	Non-production of record to Audit	-
7	Others, including cases of accidents, negligence etc.	-
Total		102.601

Table 5: Cost-Benefit

(Rs in millions)		
Sr. #	Description	Amount
1	Outlays Audited (Items 1 of Table 3)	691.197
2	Expenditure on Audit	1.361
3	Recoveries realized at the instance of Audit	-
4	Cost Benefit Ratio	1:0

CHAPTER-1

1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, MANDI BAHAUDDIN

1.1.1 INTRODUCTION

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

1. Prepare spatial plans for the Tehsil 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 bye-laws governing TMAs 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 Tehsil 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 two (02) TMAs selected for audit was Rs 519.384 million (inclusive salary, non-salary and development) whereas the expenditure incurred (inclusive salary, non-salary and development) was Rs 350.087 million, showing savings of Rs 169.297 million which in terms of percentage was 33% of the final budget (detailed below). Less utilization of development budget (48%) deprived the community from getting better municipal facilities.

(Rs in million)

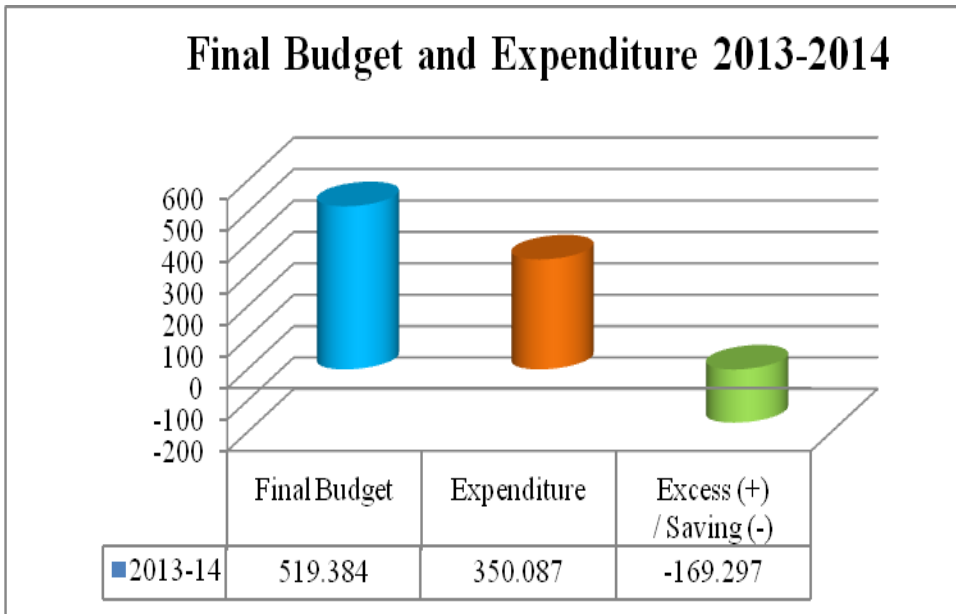
Financial Year 2013-14	Budget	Expenditure	Saving (-)	%age Saving
Salary	147.645	138.245	-9.400	6
Non Salary	87.210	63.655	-23.555	27
Development	284.529	148.187	-136.342	48
Total	519.384	350.087	-169.297	33

The budgeted outlay was Rs. 519.384 million of two (02) TMAs includes PFC award of Rs. 148.092 million whereas total expenditure incurred by the TMAs during 2013-14 was Rs. 350.087 million with a savings of (-) Rs. 169.297 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)

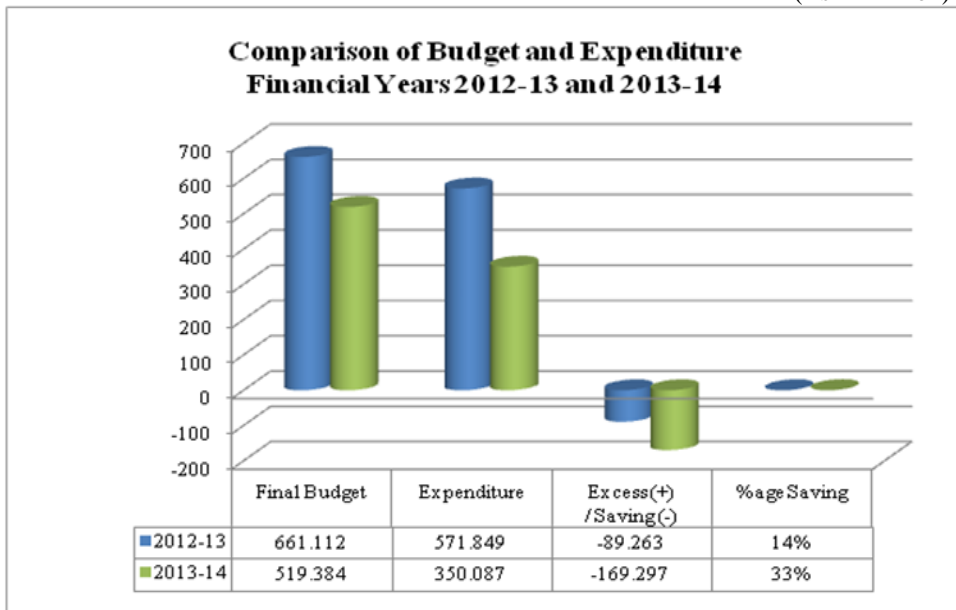
Name of TMAs	Budgeted Figure			Budgeted Outlay	Actual Expenditure	Savings	%age of Savings
	Own receipt including OB	PFC award	Total Receipts				
M.B.Din	231.319	75.900	307.219	323.730	186.207	137.523	42
Phalia	133.710	72.192	205.902	195.654	163.880	31.774	16
Total	365.029	148.092	513.121	519.384	350.087	169.297	33

(Rs in million)



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

(Rs in million)



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

(Rs in million)

Financial Year	Final Budget	Expenditure	(-) Savings	%age of Savings
2012-13	661.112	571.849	-89.263	14
2013-14	519.384	350.087	-169.297	33

The justification of saving when the development schemes have remained incomplete is required to be provided, explained by the Principal Accounting Officer, Administrator and management of TMAs.

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 the Governor of the Punjab:

Status of Previous Audit Reports

Sr. #	Audit Year	No. of Paras	Status of PAC meetings
1	2009-10 to 2011-12	09	Not convened
2	2012-13	06	Not convened
3	2013-14	08	Not convened

1.2 AUDIT PARAS

1.2 TMA, MANDI BAHA-UD-DIN

1.2.1 Irregularity / Non-compliance

1.2.1.1 Non-recovery of Arrears - Rs 88.051 million

According to Rule 76 (1) of The Punjab District Government & TMA (Budget) Rules, 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head.

TMO, Mandi Bahauddin managed only to recover Rs 5.848 million against the budgeted figure of arrears of Rs 93.90 million. Arrears of following Local Government receipts of Rs 88.05 million upto 30.06.2014 were still recoverable. Further, no serious efforts were made for the recovery of the outstanding Local Govt. dues for the financial year 2013-14 as detailed below:-

(Amount in Rs)

Major/Minor Head and Detailed Head	Arrears recoverable	Actual Income up to the Year 2013-14	Less Realized
Arrears of suspense	594,000	0	594,000
Revenue Arrears	9,551,533	0	9,551,533
Arrears of water supply	275,000	73,248	201,752
Arrears of shops disputed	17,400,000	332,847	17,067,153
Arrears of license fee for profession	325,000	138,550	186,450
Arrears of Buildings/DC & Tehsil Off	13,236,587	0	13,236,587
Arrears of conversion fee	62,069,291	5,303,952	56,765,339
Total	93,899,878	5,848,597	88,051,281

Audit holds that due to poor financial management, arrears of local government were not recovered. This resulted in non-recovery of Rs88.05 million.

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

Audit recommends recovery of the arrears from defaulters besides fixing of responsibility under intimation to Audit.

[AIR Para No.09]

1.2.1.2 Non-collection of Fine for illegal Construction – Rs 1.71 million

According to Rule 76 (1) of the PDG and TMA (Budget) Rules, 2003, the primary obligation of Collecting Officer shall be to ensure that all revenue due is claimed, realized and credited immediately to Local

Government Fund under proper receipt head. Further, according to section 144 & 145 and Fourth Schedule of PLGO, 2001, the minimum Rs15,000 fine will be imposed on person who carried out construction of building without prior permission of TMA.

TO (P&C) TMA, Mandi Bahauddin did not decide the fate of received building plans either in shape of approval or rejection, during the year 2013-14, which tends towards negligence and poor performance of the department. Notices for objection were issued to the applicants but later on no action was taken to stop the unauthorized construction in the territory of TMA and no penalty was imposed against the defaulters carrying out construction without prior approval of the competent authority.

The above reflects poor monitoring non-adherence of by-laws and weak internal controls. Details of such cases involving amount Rs.1.710 million are as under:

Total # of cases received 2013-14	Total # of cases approved and rejected 2013-14	No. of cases pending for approval	Amount of penalty for illegal construction
259	145	114	114x15000 = Rs1,710,000

Audit holds that this is a typical case of illegal construction where both Planning and Enforcement wings failed to perform their obligatory duties.

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

Audit recommends fixing of responsibility, besides recovery of fine of Rs 1.71 million for illegal constructions under intimation to audit. It is also proposed that detailed report in respect of current status of unapproved sites may be maintained after site visit.

[AIR Para No.11]

1.2.1.3 Unauthorized Expenditure on Hiring of Donkey Carts – Rs 0.808 million

According to the Rule 9 of PPR's, 2009, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or re-grouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website as well

as on the website of the procuring agency in case the procuring agency has its own website. As per Rule 12(1) *ibid*, the procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA from time to time.

TMO, Mandi Bahauddin paid Rs 0.808 million on account of hiring of donkey carts for the removal of solid waste without advertising on PPRA's website in violation of the rules *ibid*. Resultantly, unauthorized expenditure was incurred. The detail is as under:-

Date	Vr. No.	Name of Contractor	Detail	Month	Amount (Rs)
01.08.13	02	M. Riaz	Hire charges of donkey carts	06/2013	105,750
01.10.13	52	-do-	-do-	08/2013	113,603
-do-	53	-do-	-do-	07/ 2013	113,603
28.10.13	217	-do-	-do-	09/2013	105,188
26.12.13	126	-do-	-do-	10/ 2013	110,049
-do-	127	-do-	-do-	11/2013	130,058
25.01.14	209	-do-	-do-	12/2013	130,058
Total					808,309

Audit holds that the PPRA's guidelines were not observed which resulted in unauthorized expenditure on hiring of donkey carts for sanitation.

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

Audit recommends fixing of responsibility for mis-procurement / non-observing of PPRA,s rules under intimation to Audit.

[AIR Para No.02]

1.2.2 Internal Control Weaknesses

1.2.2.1 Loss due to less Income than Expenditure – Rs 8.051 million

According to rule 2.33 of the PFR Vol-1, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part directly or indirectly.

TMO, Mandi Baha-ud-din paid Rs 8.417 million electricity bills for water supply turbines during the FY 2013-14 however recovery of water rate was only Rs 0.366 million. There is enormous difference between receipt of water rate charges and expenditure incurred on electricity bill of water supply turbines. Further probe into the matter revealed that rates of commercial and domestic water rate connections were notified in 2002-03. Therefore, due to non-revision of rates of water rate, heavy expenditure was incurred against the less receipt of income.

Total expenditure on electricity bills of water supply turbines in FY 2013-14 (Rs)	Total receipt of water rate in FY 2013-14 (Rs)	Annual Loss (Rs)
8,417,276	366,065	8,051,211

Audit holds that due to weak internal controls, rates of water rate were not revised and Local Fund sustained a loss of Rs 8.051 million

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

Audit recommends fixing of responsibility for non-revision of water rates under intimation to Audit.

[AIR Para No.05]

1.3 TMA, PHALIA

1.3.1 Irregularity / Non-compliance

1.3.1.1 Irregular Expenditure – Rs 1.377 million

According to Rule 15.7 of the PFR (Vol-I), the Heads of offices and others entrusted with the care of stores of any kind should maintain suitable accounts and inventories of the stores in their charge. For securing this object it is important that all quantities received in or issued from stores are entered in the stock accounts strictly in accordance with the rule and in the order of recurrence on the dates the transactions take place, so that it should be possible at any time to check the actual balances with the book balances.

TMA, Phalia spent Rs 1.377 million on the purchase of banners, flexes electric items and other consumable items during the financial year 2013-14. However, neither the items were taken on stock nor its issuance was maintained.

Audit holds that due to non-compliance of rules, purchased items were not accounted for, which resulted in irregular expenditure of Rs 1.377 million.

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

Audit recommends that the matter may be enquired besides fixing of responsibility under intimation to Audit.

[AIR Para No.18]

1.3.1.2 Irregular Expenditure on account Tentage Supplies – Rs 1.123 million

According to the Rule 9 of PPR's, 2009, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or re-grouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website as well as on the website of the procuring agency in case the procuring agency has its own website. As per Rule 12(1) *ibid*, the procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA from time to time.

TMO, Phalia paid Rs 1,123,099 on account of hiring of tentage for Sasta Ramzan Bazar without advertising on PPRA's website in violation of the rules ibid. Resultantly, unauthorized expenditure was incurred during the financial year 2013-14.

Audit holds that the PPRA's guidelines were not observed which resulted in irregular expenditure on hiring of tentage for Sasta Ramzan Bazar.

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

Audit recommends fixing of responsibility for mis-procurement / payment without observing of PPRA's rules under intimation to Audit.

[AIR Para No.10]

1.3.1.3 Non-realization of Receipts - Rs.1.076 millions

According to Rule 76 (1) of Punjab District Government and TMA (Budget) Rules, 2003, the primary obligation of collecting officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund under the proper receipt head.

TMO, Phalia did not recover the Govt. receipts against the revised budgeted receipts during financial year 2013-14 as detailed below:-

Major/Minor Head And Detailed Head	Revised Budget Estimates for FY 2013-14 (Rs)	Actual Income for the FY 2013-14 (Rs)	Less Realized (Rs)
Receipt on sale of residential water	1,600,000	1,391,250	208,750
Fee and Fine for Building Plans	1,000,000	132,500	867,500
TOTAL	2,600,000	1,523,750	1,076,250

Audit holds that due to poor financial management, receipts of local government were not recovered. This resulted in non-realization of Rs 1.076 million.

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

Audit recommends fixing of responsibility besides recovery of the amount under intimation to Audit.

[AIR Para No.09]

1.3.2 Internal Control Weaknesses

1.3.2.1 Non-recovery of Rent of Shops – Rs 0.405 million

According to Rule 76 (1) of the PDG and TMA (Budget) Rules, 2003, the primary obligation of Collecting Officer shall be to ensure that all revenue due is claimed, realized and credited immediately to Local Government Fund under proper receipt head.

TMA, Phalia did not recover a sum of Rs 0.405 million from the 34 tenants of shops of TMA and no action was taken by the management against the defaulters.

Audit holds that due to weak internal controls, rent of shops of local government was not recovered. This resulted in non-recovery of Rs 0.405 million.

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

Audit recommends recovery of amount from the tenants besides fixing of responsibility under intimation to Audit.

[AIR Para No.04]

ANNEXURES

PART-I

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

Sr. #	Formation	AP #	Description of Paras	Amount (Rs)	Nature of Paras
1.	TMA, Mandi Bahaud Din	01	Less Collection of Receipt Targets	68,848,603	Weakness of internal control
2.		03	Defective purchase of plants	170,899	Irregularity/non-compliance
3.		04	Defective purchase of electrical material	309,537	Irregularity/ non-compliance
4.		06	Unauthorized expenditure on POL due to non-maintenance of log books of Generators	257,937	Irregularity/ non-compliance
5.		07	Fraudulent drawl of POL and Repair and recovery of conveyance allowance	466,233	Weak Internal Control
6.		08	Non realization of water charges and non realization of new connection charges	84,174	Weak Internal Control
7.		10	Un- authentic Govt. receipt due to non conduction of survey of manufacturer, vendor and trader	917,200	Weak Internal Control
8.		12	Non realization of License fee/professional Tax	299,650	Weak Internal Control
9.		13	Overpayment of	15,306	Weakness of internal control
10.		14	Non forfeiture of security and overpayment	365,018	Weakness of internal control
11.		15	Overpayment of	263,119	Weakness of internal control
12.		16	Overpayment of	16,598	Weakness of Internal Control
13.		17	Overpayment of and forfeiture of security	1,077,930	Weakness of Internal Control
14.		18	Non receipt of tender fee	550,000 Approx	Weakness of internal control
15.		19	Non reconciliation of expenditure	186,207,000	Irregularity/ non-compliance
16.	TMA, Phalia	01	Non issuance of completion certificate by TO (P&C)	-	Irregularity/ non-compliance
17.		02	Loss due to non auction of Cattle Mandi	450,000	Weak Internal Control
18.		03	Non maintenance of accounts of receipts by the contractors	10,116,293	Weak Internal Control
19.		05	Non recovery of water charges	75,550	Weak Internal Control
20.		06	Non recovery of arrears of Licence Fee	20,200	Weak Internal Control
21.		07	Un- authentic Govt. receipt due to non conduction of survey of manufacturer, vendor and trader	722,800	Weakness of internal control
22.		08	Non reconciliation of expenditure and receipts	245.241 million	Weakness of internal control
23.		11	Irregular provision of block allocation	88.600 million	Weakness of internal control

Sr. #	Formation	AP #	Description of Paras	Amount (Rs)	Nature of Paras
24.		12	Irregular and doubtful payment for repair of transport	342,720	Weakness of Internal Control
25.		13	Overpayment of	28,577	Weakness of Internal Control
26.		14	Overpayment of	18,435	Weakness of internal control
27.		15	Overpayment of	17,011	Irregularity/ non-compliance
28.		16	Overpayment of	30,118	Irregularity/ non-compliance
29.		17	Unauthorized execution of Development schemes	61.636 million	Irregularity/ non-compliance

PART-II

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

Sr. #	Formation	AP #	Description of Paras	Amount (Rs)	Nature of Paras
1.	TMA, Mandi Bahaud Din	01	Unjustified payment	0.320	Weakness of internal control
2.		02	Unauthorized payment	0.118	Irregularity/ non-compliance
3.		03	Overpayment due to non approval of lead chart	0.063	Irregularity/ non-compliance
4.		04	Non recovery of performance security	0.131	Irregularity/ non-compliance
5.		05	Unauthorized expenditure on account of sewerage pipe	0.377	Weak Internal Control
6.		07	Non-recovery of commercialization fee	17.16	Weak Internal Control
7.		08	Non-conduction of post completion evaluation of building plans resulted loss of Govt. revenues	0.079	Weak Internal Control
8.		09	Misappropriation of POL funds	0.183	Weak Internal Control
9.		11	Non- recovery of arrear of water rate	0.200	Weakness of internal control
10.		12	Overpayment to the officials amounting	0.154	Weakness of internal control
11.		14	Less recovery of	0.136	Weakness of internal control
12.		15	Unjustified non recovery of	74.65	Weakness of Internal Control
13.		16	Unauthorized payment of pension in cash	10.52	Weakness of Internal Control
14.		17	Non recover on account of water rate	0.069	Weakness of internal control
15.		18	Unauthorized drawl of POL	0.177	Irregularity/ non-compliance
16.		19	Unauthorized drawl of POL	0.177	Irregularity/ non-compliance
17.	TMA, Phalia	01	Loss to government due to non collection of fine for unauthorized building	0.570	Irregularity/ non-compliance
18.		02	Loss due to non auction of Cattle Mandi	0.150	Weak Internal Control
19.		03	Non recovery of rent of shops	0.620	Weak Internal Control
20.		04	Non maintenance of accounts of receipts by the contractors	5.857	Weak Internal Control
21.		05	Non recovery of water charges	0.135	Weak Internal Control
22.		06	Irregular award of contract of lease of adda parking fee Phalia	5.205	Weakness of internal control
23.		07	Non recovery of arrears of License Fee	0.018	Weakness of internal control
24.		08	Non reconciliation of expenditure`	179.722	Weakness of internal control
25.		09	Un- authentic Govt. receipt due to non conduction of survey of manufacturer, vendor and trader	0.789	Weakness of Internal Control
26.		10	Doubtful drawl of on account of Punjab sports festival	1.498	Weakness of Internal Control

Sr. #	Formation	AP #	Description of Paras	Amount (Rs)	Nature of Paras
27.		12	Irregular provision of block allocation	66.200	Weakness of internal control
28.		13	Irregular and doubtful payment for repair of transport	0.711	Irregularity/ non-compliance
29.		14	Non-deduction of 10% shrinkage from the quantities of earth filling – loss to TMA worth	0.079	Irregularity/ non-compliance
30.		15	Overpayment to contractors	0.533	Irregularity/ non-compliance
31.		16	Unjustified payment of	0.109	Weak Internal Control
32.		17	Irregular payment of	0.159	Weak Internal Control
33.		18	Irregular payment of	0.592	Weak Internal Control
34.		19	Non-recovery of performance security	0.063	Weak Internal Control
35.		TMA, Malakwal	01	Irregular expenditure on purchase of POL	0.385
36.	02		Doubtful repair of vehicle	0.290	Weakness of internal control
37.	03		Loss to govt. due to non collection of fines and penalties	0	Weakness of internal control
38.	04		Irregular payment of	0.165	Weakness of Internal Control
39.	05		Non-Achievement of Receipt Targets	0.033	Weakness of Internal Control
40.	06		Irregular provision of block allocation	53.735	Weakness of internal control
41.	07		Irregular purchase of machinery	0.406	Irregularity/ non-compliance
42.	08		Irregular payment of	0.085	Irregularity/ non-compliance
43.	09		Non-recovery of professional tax and enlistment fee from the contractor	0.098	Irregularity/ non-compliance
44.	10		Non-reconciliation of expenditure	97.467	Weak Internal Control
45.	11		Doubtful drawl of on account of Punjab sports festival	0.6230	Weak Internal Control
46.	13		Irregular payment of	0.269	Weak Internal Control
47.	14		Non-recovery of arrears of Water Charges	0.313	Weak Internal Control
48.	15		Non recovery of rent of shops	0.333	Weakness of internal control
49.	16		Un-authentic Govt. receipt due to non conduction of survey of manufacturer, vendor and trader	0.667	Weakness of internal control
50.	17		Non-maintenance of accounts of receipts by the contractors	3.631	Weakness of internal control

**TMA of District Mandi Baha-ud-Din
Budget and Expenditure Statement
Financial Year 2013-14**

TMA, Mandi Bahauddin**(Rs. in million)**

FY. 2013-14	Budget	Expenditure	Excess (+) / Saving (-)	%age Saving
Salary	86.751	79.785	-6.966	08
Non-Salary	41.05	30.885	-10.165	25
Development	195.929	75.537	-120.392	61
Total	323.730	186.207	-137.523	42

TMA, Phalia**(Rs. in million)**

F.Y. 2013-14	Budget	Expenditure	Excess (+) / Saving (-)	%age Saving
Salary	60.894	58.46	-2.434	04
Non-Salary	46.16	32.77	-13.390	29
Development	88.6	72.65	-15.950	18
Total	195.654	163.880	-31.774	16

Grand Total	519.384	350.087	-169.297	33
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