



Performance Audit Report
on
Sasta Ramzan Bazaar in
City District Gujranwala

Audit Year 2016-17

AUDITOR GENERAL OF PAKISTAN

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Abbreviations and Acronyms

AFPS	Agriculture Fair Price Shop
CM	Chief Minister
DCO	District Coordination Officer
DFC	District Food Controller
DO	District Officer
DPCC	Departmental Price Control Committee
EADA	Extra Assistant Director Agriculture
E&M	Economics and Marketing
EDO	Executive District Officer
PFR	Punjab Financial Rules
PDG	Punjab District Government
PPRA	Punjab Procurement Regulatory Authority
SDAs	Special Drawing Accounts
SOPs	Standard Operating Procedures
TMA	Town Municipal Administration

PREFACE

The Auditor General of Pakistan conducts audit under Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Function, Powers and Terms and Conditions of Service) Ordinance 2001 and Section 115 of the Punjab Local Government Ordinance 2001. The performance audit of Sasta Ramzan Bazaar in City District Gujranwala was carried out accordingly.

The Directorate General Audit, District Governments, Punjab (North), conducted performance audit of the Sasta Ramzan Bazaar in City District Gujranwala during May-June, 2017 for the period of 2015-16 with a view to reporting significant findings to stakeholders. Audit examined economy, efficiency and effectiveness aspects in establishment and operation of the Sasta Ramzan Bazaar. In addition, Audit also assessed, on test check basis whether the management complied with applicable laws, rules and regulations in managing the Sasta Ramzan Bazaar. The Performance Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the Sasta Ramzan Bazaar.

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

The Performance Audit Report is submitted to the Governor of 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, Lahore.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General of Audit, District Governments, Punjab (North), Lahore conducted Performance Audit of Sasta Ramzan Bazar, District, Gujranwala in May and June 2017. The main objective of the audit was to determine the economy, efficiency and effectiveness of the Sasta Ramzan Bazar in District Gujranwala. The audit was conducted in accordance with the INTOSAI Auditing Standards.

Government of the Punjab launched a program “Establishment of 17 Sasta Ramzan Bazars” in district Gujranwala with the aim to provide the citizens with food as well as other essential items on discounted and controlled rates during the holy month of Ramzan. The funds were released for its execution by the Secretary Agriculture Department, Commissioners, DCOs, EADAs (E&M) and Secretaries Market Committees.

Key Audit Findings

Following are the key Audit findings of the Performance Audit of Sasta Ramzan Bazar:

- i. Doubtful grinding of wheat during Ramazan package of Rs 7.84 million.
- ii. Loss to public exchequer due to fraudulent / fake claim of wastage amounting to Rs 4.66 million.
- iii. Inadmissible payment of subsidy on wastage of Rs 0.58 million due to miscalculation.
- iv. Un-traceable and un-utilized balance of Rs 8.65 million.
- v. Un-authorized expenditure on advertisement and publicity amounting to Rs 0.39 million.
- vi. Unjustified payment of packaging cost on wastage of Rs 0.33 million.
- vii. Non transparent purchase and consumption of procured items.

Recommendations

- i. Funds are required to be distributed after detailed planning and according to the demand/needs of the executing agencies.
- ii. Twenty percent Wastage on fruits and vegetables allowed to the executing agencies is on higher side which should be actualized and minimized.
- iii. Efficient monitoring system is required for maximum utilization of resources.
- iv. A transparent purchase of commodities is required to be made through direct purchase from “producer suppliers” to avoid the role of middlemen.
- v. Strong internal control should be adopted on sale point of commodities at Fair Price Shops through CCTV Cameras.
- vi. Improvement and innovation should be exercised for better performance.

1. INTRODUCTION

The Government of the Punjab, has funded the Program “Sasta Ramzan Bazar” of the District, Gujranwala aiming to provide maximum relief on essential commodities to the people on subsidized rates during the Holy month of Ramzan. The service was replicated during the Holy Month of Ramzan 2016. In 2016-17 essentials agricultural products i.e Potato, Onion, Tomato, Ladyfinger, Bitter gourd, Squash, Bananas, Dates, Apple, Dal Mash, Dal Masoor, Masoor whole, white Channa, Dal Channa, Basin and Rice were selected to be provided to the general public through Agricultural Fair Price Shops. These shops were established in each Ramzan Bazar by Agriculture Department through Market Committees across the District. Among selected items, eleven (11) items i.e Potato, Onion, Tomato, Ladyfinger, Bitter gourd, Squash, (Kaddu) Banana, Apple, Masoor whole, White Chana, and Rice were provided on wholesale rates and other five (05) items i.e Dates, Dal Masoor, Dal Chana, Dal Mash, and Basin were provided at subsidized rate i.e 10/Kg on the DCO notified retail rates. In view of this, an amount of Rs 8.330 million was provided as a grant to the DCO in specific Special Drawing Accounts (SDA) during Ramzan so as to minimize role of middlemen and providing essential commodities of best quality at all Agriculture Fair Price Shops on whole sale as well as subsidized rates.

The City District Government, Gujranwala approved establishment of seventeen Sasta Ramzan Bazars in Gujranwala district where fresh and highest quality edible items were available at subsidized rates.

Rationale of the program

As per Census of 1998, Gujranwala district has a population of 3.401 million divided into 188 Union Councils. Out of which 92 Union Councils are urban and 96 Union Councils are rural. District Gujranwala consists of 07 Town Municipal Administrations and 04 Revenue Tehsils. Every year during the month of Ramzan, there exists a general tendency among whole sellers & retailers to create an artificial price hike especially at the outset of Ramadan that causes unnecessary hardships to consumers and general public. The District Gujranwala has devised a Ramzan Contingency Plan to ensure maximum possible vigilance against artificial shortage of essential commodities and price hike during the month of Ramadan. Sasta Ramzan Bazar was first established in 2012, throughout Punjab to provide essential commodities via Agriculture Fair Price Shops.

Approval and execution by the competent forum

The program of Sasta Ramzan Bazar, Gujranwala was approved by Government of the Punjab and executed by the Secretary Agriculture Department through Commissioners, DCOs, EADAs (E&M) and Secretaries Market Committees.

Program Objectives

The main objective of Sasta Ramzan Bazar is to provide maximum relief to general public on essential commodities during Ramzan.

The country is already in the grip of hyper inflation and on the onset of Ramzan the situation in the market further aggravates with the prices of fruits and vegetables being sky-high and much beyond the purchasing power of a common man. Wholesalers and retailers, particularly of fruits and vegetables, are enjoying a free hand to fleece consumers ahead of the holy month.

Sasta Ramzan Bazar aims to provide relief to the citizens in terms of service delivery and reduction in prices of essential commodities.

Cost of the program:

Detail of total funds allocated and utilized is as follows: -

Financial Year	Total Allocated Funds (Rs in millions)	Total Funds Utilized (Rs in millions)
2012-13	10.530	2.941
2013-14	2.800	2.800
2014-15	10.600	9.537
2015-16	8.330	8.330
Total	32.260	23.608

2. AUDIT OBJECTIVES

The main objective of Performance Audit is to see whether the expenditure was incurred on subsidy on selected essential commodities, proper cost (labor, packing, grading, wastage, transportation) was calculated and the relief was provided to the general public through Sasta Ramadan Bazar or not. Furthermore:-

- i To determine the cost incurred on establishment and running of Sasta Ramadan Bazar on each stage.
- ii To ensure the availability of data to determine the transparency and fairness in procurement of logistics.
- iii To evaluate the monitoring of Sasta Ramadan Bazars by the concerned authorities
- iv To review and redressal of complaints of general public
- v To ensure the quality, quantity and prices of items of supplies delivered to general public
- vi To determine the Economy, Efficiency and effectiveness of resources utilized.
- Vii To give Practical recommendation to evaluate the impact of Sasta Ramadan Bazar on the utilization of resources and relief provided to general public

3. AUDIT SCOPE AND METHODOLOGY

The audit covers all the aspects of the Sasta Ramzan Bazar Program i.e. planning, financing and execution in City District Gujranwala. Audit reviewed all the activities of the program in line with economy, efficiency and effectiveness. It also covers reviewing activities of the program regarding compliance with applicable rules, regulations and procedures.

Audit examined relevant data i.e. files, reports, newspapers, vouched accounts and stock registers etc. ascertaining the achievement of planned goals from the statistical data provided to Audit. Audit team visited offices of the DCO Gujranwala, Deputy Director Food Gujranwala, District Food Controller Gujranwala, Ramzan Bazar Eimanabad and Kamoke in connection with Performance Audit of the program. Audit team interviewed the market committees on self designed questionnaire to get intended information instantly. Interviews of the program functionaries and field staff were also conducted.

4 AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

4.1.1 Poor management due to Unauthentic grinding of wheat – Rs 7.836 million

According to Government of Punjab Food Department letter No SOF (IV)6-2/2011 dated 14.7.2011 clause XII of the role and responsibilities of the District Food Controller in Ramzan Package “Electricity reading (Wapda meter and Generator Meter) of the concerned flour mills will be taken before the commencement and at the end of Ramzan package. Grinding of the wheat will be verified by the staff on the basis of electricity units consumed @ 4.50 units per 100kg wheat. If the flour mills intend to install and use generator for the purpose of grinding of the Ramzan package, the said flour mill will give the information about use of generator to the DFC concerned (in writing). The installed generator shall have a working meter.

During visit of the Office of the District Food Controller Gujranwala for audit of the record in respect of Ramzan package, no record was produced for scrutiny however during verbal discussion with the Deputy Director Food Gujranwala and District Food Controller Gujranwala it was found that the above said clause was completely ignored by the department during “Ramzan package” and nothing was available in support of the above mentioned clause. This resulted in unauthentic grinding of wheat during Ramzan package amounting to Rs 7.836 million without any electricity consumption record.

It is worth mentioning here that during Ramzan Package, it is the responsibility of the food department to issue wheat to the flour mills and directly watch its Atta production as well as its sale in Ramzan bazaars and in open market under the trade mark of “Ramzan Package”. This resulted in doubtful grinding of wheat during Ramzan on issued on subsidized rates.

Audit is of the view that this was the only transparent way to check the actual grinding of the flour mills is through the record of electricity consumption, furthermore

- i. the responsibility of producing/availability the grinding record lies with the District Food Controller
- ii. flour being the most essential and abundant item of Ramzan Bazar had to be grinded in a transparent manner by maintaining requisite electricity consumption record

- iii. due to weak internal control the department failed to check the actual grinding of the flour due to which there are the chances of misappropriation of subsidized wheat.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests detailed scrutiny of the matter and year wise detail of the electricity consumption of the concerned mills as well as the detail of disposal of byproducts such as brawn and maida produced from the issued wheat.

[AIR Para No.7]

4.1.2 Unutilized funds - Rs 8.852 million

According to rule 54(1) of PLG (Budget) Rules, 2001, if the expenditure under any head of account at the close of the year is less by more than 10% of the actual allocation, the head of office shall be responsible to explain such less expenditure to the satisfaction of Accounts Committee concerned. Furthermore, according to Ramzan Bazaar Plan 2013, the DCO would be responsible to ensure that the allocated funds placed to their special drawing accounts (SDAs) are duly recorded, accounted and used in accordance with the laid down Government instructions on the subject.

During scrutiny of records of Market committees of District Gujranwala for the management of Sasta Ramzan Bazars it has been observed that a sufficient amount of Rs 21.13 million was allocated during 2012-13 and 2014-15 on account of subsidy of various commodities but a huge sum of Rs 8.652 million remained unspent due to lack of planning and poor performance of the management. A handsome amount of money could have been utilized for the welfare of the general masses but the apathy at the hands of the administration resulted in its non utilization. This resulted in non utilization of allocated funds of Rs 8.652 million due to poor management and slackness on the part of administration.

Audit is of the view that noncompliance of rules and lack of efficiency resulted in non-utilization of funds in a prudent manner.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests the inquiry of the matter and fixation of responsibility due to non transferring of benefit of funds to the general public

[AIR Para No.11]

4.1.3 Poor Assessment of demand and supply

According to the objectives of Ramzan contingency plan 2013 “there should be proper establishment of shops/stalls with abundant supply of essential commodities at notified rates”.

The sales record of Ramzan Bazar Fair price shop revealed that all the purchased quantities were sold out and nothing remained in daily stocks at the end of the day. Furthermore, buyers were interviewed in which they told that there are no sufficient quantity is available in the Agricultural Fair Price Shop. Hence it can be concluded that there was more demand but the supply remained less than the existing demand. This resulted in poor assessment of quantity of demand and supply of commodities sold in the Agriculture Fair Price shop.

This is the case of poor planning and assessment of demand due to which the satisfactory level of the consumer remained low.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit holds that there should be a realistic assessment of quantity of demand and supply in order to get the best satisfaction level.

[AIR Para No.14]

4.1.4 Non-establishing of Separate Counter for Female customers

As per Clause 10 of the SOPs of Ramadan Bazar issued by the Government of the Punjab to facilitate the female customers it was required to establish a separate counter for female customers at each Agriculture Fair Price Shop.

During Performance Audit of Ramzan Bazars Gujranwala it was observed that the management did not follow the government instructions to facilitate the female customers at Agriculture Fair Price Shops. No exclusive female counter was seen in any of the Bazars indicating the lack of dedication by the management towards female customer’s facilitation. It showed that management paid no heed to the SOPs of the Government

and showed negligence hence depriving female customers from the benefits of a separate counter.

Audit holds that due to non-compliance of instructions, female counters were not established.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit recommends that the management should observe the government direction while executing the said scheme/ project.

[AIR Para No.17]

4.1.5 Unreliable security arrangements in Ramzan Bazars

As per press release of CM Punjab's meeting dated 27.05.2017 CM Punjab directed Police and law enforcement agencies to perform their duties efficiently and diligently and stay alert during the holy month of Ramzan and special attention be paid to ensure the security of Ramzan bazars.

During the course of Performance Audit of Ramzan Bazars Gujranwala, Audit team visited Ramzan Bazars Kamoke and Eimenabad and noticed that insufficient security arrangements were made. Neither the security personnel were not seen at the entrance of Ramzan Bazar nor was the walk-through gates installed and only one volunteer of Civil Defense department was available who was unable to handle the influx of crowd. Furthermore, the volunteers of Civil Defense Department have no security clearance from the security agencies and the chances of breach of security could not be overlooked keeping in view the prevailing security situation.

Audit is of the view that management overlooked the security risks and did not give due attention to the constitution of security vigilance team rather relied on un-trained security personnel.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that stringent security measures were required to be undertaken to provide better level of security for the visitors and for the success of the project.

[AIR Para No.26]

4.2 Financial Management

4.2.1 Loss to public exchequer due to fraudulent / fake claim of wastage – Rs 4.664 million

As per SOPs of Ramzan Bazar issued by the Government of the Punjab, wastage up to 20% was allowed to be claimed on the purchase of perishable commodities such as Potato, Tomato etc.

During Performance Audit of Ramzan Bazars Gujranwala, it was observed that the management claimed an amount of Rs. 4,663,985 as wastage incurred during the financial year 2015-16 in the light of above provision. The said claim was held fake and fraudulent by the Audit because the quantities of perishable commodities purchased daily were sold out completely as per the record shown and no wastage was documented. Therefore, claiming an amount of Rs. 4,663,985 as wastage money is unjustified as detailed in given table of Ramzan Bazar of market committee Ali Pur Chatah:-

Sr. No.	Name of committee purchase	Quantity purchased in kgs	Quantity sale in kgs	Wastage cost %age In Rs	Total Subsidy claimed
1	Potato	18,023	18,023	62,720	103,272
2	Onion	14,867	14,867	27,652	61,103
3	Tomato	956	956	1,835	2,217
4	Lady finger	1,647	1,647	2,075	2,239
5	Butter ground	1,509	1,509	4,770	4,929
6	Kaddu	1,613	1,613	2,322	2,484
7	Banana (Dozen)	691	691	3,358	3,428
8	Apple	781	781	7,075	8,598
9	Dates	1,449	1,449	4,839	7,665
10	Gram Pulse	2,258	2,258	5,148	9,551
11	Basin	2,892	2,892	6,825	12,464
12	Rice(Super Basmti)	2,159	2,159	9,499	13,709
	Total	48,845	48,845	138,118	231,659

The same practice has been followed in the other Ramzan bazaars of the Market Committees, the total of wastage claimed by all the market committees is 4,663,985

Audit is of the view that due to weak internal control and mismanagement false claim of wastage was put forward.

The matter was reported to PAO / DC in July, 2017 department replied that according to SOPs issued in 2014 Govt. allowed to claim wastage but in 2015 Govt. replaced the wastage with 20% quality premium and extra amount had been paid to purchase premium quality goods for fair price shops. So the amount paid as quality premium Rs.4,663,985 is not wastage. The reply of the department is not tenable.

Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit calls upon an inquiry alongwith fixing of responsibility due to non observance of realistic methodology to calculate exact wastage.

[AIR Para No.01]

4.2.2 Overpayment of subsidy on wastage – Rs 932,797

As per SOPs of Ramzan Bazar issued by the Government of the Punjab, it was allowed to claim up to 20% wastage of purchased quantity from perishable commodities i.e. Potato, Tomato etc.

During scrutiny of record it was observed that while calculating the subsidy of Ramzan Bazars Gujranwala during the year 2012-16 an excess amount of Rs 932,797 was claimed and paid on wastage inadmissibly. The subsidy was paid on purchased quantities inclusive of wastage whereas the wastage of 20% was also included / claimed in overhead charges. This resulted in double impact of wastage on subsidy of Rs 932,797 which may please be recovered, as detailed below

Value of total subsidy paid = Rs 23,319,925

20% wastage claimed during 2012-16 = Rs 4,663,985

Subsidy inadmissible = 932,797

Audit is of the view that due to miscalculation and weak internal controls, double impact of wastage was claimed.

The matter was reported to PAO / DC in July, 2017 department replied that the quality premium does not mean wastage and no wastage had been claimed nor subsidy was claimed on wastage. The subsidy was claimed only on sold items. The reply of the department was not acceptable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests recovery of erroneous claim along with fixation of responsibility against person(s) at fault.

[AIR Para No.02]

4.2.3 Un-traceable whereabouts of un-utilized balance of Rs 8.652 million

According to section-107(2)(b) of the PLGO, 2001, the balance amount of any grant spent by local government is required to be deposited into local government fund

During scrutiny of record of Ramzan Bazar Gujranwala it has been observed that an amount of Rs10.53 million and Rs10.60 million was granted to the DCO Gujranwala during the financial year 2012-13 and 2014-15 respectively for onward transmission to the market committees for establishment of Agriculture Fair Price shops at Sasta Ramzan Bazar in District Gujranwala. Out of these funds, an amount of Rs17.23 million was disbursed to the various market committees and the remaining amount of Rs3.90 million remained as balance in the SDA account of DCO Gujranwala without further allocation. The market committees could not spend the allocated amount in full and an amount of Rs4.75 million remained unspent with the market committees, but neither the same amount was not refunded to the SDA account of DCO Gujranwala nor was reflected in the cash books as closing balance of the market committees. Furthermore, the whereabouts of the unallocated amount of Rs3.90 million and unspent amount of Rs4.75 million were also unknown. This resulted in Non-Refund of Rs8.65 million (4.75 million + 3.90 million) to the relevant head of account.

Audit is of the view that due to weak financial management and weak internal control funds were not refunded in the proper head of account and remained untraceable.

The matter was reported to PAO / DC in July, 2017 department replied that Department replied that as per instructions of Govt. of Punjab and District Govt. the Ramzan Bazars had been established 03 days before the beginning of holy month of Ramzan that's why excess expenditure was incurred and claim for which lying pending with DCO Gujranwala. The reply of the department was not relevant. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that matter may be investigated at appropriate level and the where about of the funds may be explained under intimation to Audit.

[AIR Para No.03]

4.2.4 Disbursement of funds to the market committees without proper planning and demand

According to rule 20(iii) of the PDG & TMA (Budget), Rules, 2003, for the purpose of determining the Estimates of Expenditure, each Drawing and Disbursing Officer shall develop the most realistic and sound estimates.

During scrutiny of the record, it has been observed that during 2012-16 a sufficient funds of Rs 32.260 million were allocated to the District management through SDA account for further allocation to the respective market committees for establishment of Sasta Ramzan bazars on account of subsidy of various commodities but no standard criteria was adopted on the basis of population and needs of the specific areas, due to which an amount of Rs 3.903 million during 2012-13 and 4.249 million during 2014-15 remained unspent, whereas over and above expenditure was incurred in preceding years. This resulted in improper planning against demand in comparison to the population of the area.

Audit is of the view that due to lack of proper planning, physical inspection of the areas and analysis of population demand, the objectives/satisfaction level of the project was not achieved.

The matter was reported to PAO / DC in July, 2017 department replied that District Govt. released the funds to Market Committees on the recommendations of EADA (E&M). The reply of the department was not acceptable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests the there is need for detailed study of the areas involved according to the demand of the population in order to make the disbursement most realistic and beneficial for the general public.

[AIR Para No.08]

4.2.5 Non-maintenance of separate cash book

As per SOPs of Ramzan Bazar issued by the Government of the Punjab it was required to prepare and maintain a separate cash book for the funds allocated / released to every Market Committee in respect of subsidy amount.

During Performance Audit of Ramzan Bazars Gujranwala it was observed that funds were released / transferred to 08 Market Committees of District Gujranwala during 2012-2016 but the secretaries of the market committees did not prepared separate cash book of funds to keep day to day transactional record in violation of rule *ibid*. Without maintenance of cashbook authenticity and accuracy of the expenditure so incurred could not be validated.

Audit is of the view that due to weak internal control and non compliance of rules separate cash books were not maintained.

The matter was reported to PAO / DC in July, 2017 department replied that report regarding daily sale / purchase and expenditure has been reported to higher authorities and shown to audit. The reply was not tenable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit recommends inquiry of the matter at appropriate level besides fixing of responsibility on the concerned quarters under intimation to Audit.

[AIR Para No.16]

4.3 Procurement and contract management

4.3.1 Un-authorized expenditure on advertisement and publicity - Rs389,381

According to Rule 2.10(b)(2) of PFR Volume I, the authorities incurring expenditure should see that necessary funds to cover the charge exist; that expenditure does not exceed these funds; that the disbursing officer will be responsible for any excess over the sanctioned funds and that expenditure in anticipation of funds is incurred only in authorized cases.

During performance audit of Ramzan Bazar Gujranwala it was observed that during 2012-13 and 2013-14 an amount of Rs. 389,381 was incurred on advertisement and publicity out of subsidy amount inspite of government instructions that the amount of subsidy could only be utilized on subsidy of selected items. The DCO was required to meet this expenditure from his own head of account because there was no provision of such expenditure from the subsidy funds. This resulted in unauthorized expenditure on advertisement and publicity amounting to Rs389,381.

Due to violation of government instructions expenditure of Rs389,381 on advertisement and publicity out of subsidy amount remains un-authorized and irregular.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit is of the view that the matter may be justified and regularized under intimation to Audit.

[AIR Para No.05]

4.3.2 Unjustified payment of packaging cost on wastage - Rs 635,250

As per SOPs of Ramzan Bazar issued by the Government of the Punjab, it was allowed to claim overhead charges such as carriage, grading and packaging of commodities

During scrutiny of claimed subsidy records of the Market Committees of District Gujranwala it has been observed that the market committees claimed 20% wastage on overall purchased items which means that they have sold the remaining 80% commodities in the Ramzan Bazars but the packing cost was calculated on 100% commodity, hence the claim of packing of 20% packing charges on wastage commodity is

quite unjustified and inadmissible. This resulted in unjustified payment of packing cost on wastage quantities amounting to Rs 635250 during the years 2012-16.

Audit is of the view that payment of packing cost on wastage was made due to poor management

The matter was reported to PAO / DC in July, 2017 department replied that according to government SOPs market committees did not claim wastage. Therefore, SOP regarding packing of sold items is available and wastage has been claimed accordingly. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit recommends the recovery of unjustified payment at an appropriate level under intimation to Audit.

[AIR Para No.06]

4.3.3 Non transparent purchase and sale of procured Items

During Performance Audit of Ramzan Bazars Gujranwala it was observed that the Market Committees District Gujranwala incurred huge expenditure on account of purchase of selected commodities during 2012-2016 in order to sale them on subsidized rates in Agriculture Fair Price shops established at Ramzan Bazars and claimed subsidy from the allocated funds, however the following short comings were pointed out:

- i. Purchase Committee was formed to purchase the commodities but no involvement of the committee was seen in actual process resulting in purchase of items on higher rates.
- ii. No proper stock register was maintained to observe the incoming and outgoing of items with the signature of officer in charge.

Audit is of the view that the process must be transparent and procurement should be made as rule to seek economy and quality.

The matter was reported to PAO / DC in July, 2017 department replied that all the codal formalities have been fulfilled while purchasing the items for AFPS and stock registers are maintained correctly, but nothing was provided in support of reply. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that there is a need for prequalification of suppliers and proper functioning of purchase committee.

[AIR Para No.09]

4.4 Asset Management

4.4.1 Non-accountal of procured items Rs389,381

According to Rule 15.17 of PFR Vol-I, it is important that all quantities received in or issued from stores are entered in the stock register in the order of occurrence so that it should be possible at any time to check the actual balances with the book balances.

DCO Gujranwala incurred Rs. 389,381 on account of purchase of advertisement items (Pana Flex Banners) during 2012-14, but stock register was not available on record along with inspection certificate from notified committee showing quantity and quality. This resulted in non-accountal of stock of Rs389,381 as detailed below:

Sr. No.	Description	Qty	Rate Per item/sec/ft	Amount (Rs)
2013-14				
1	Ramzan Bazar Banners 20x5	34	3400x15.5	52,700
2	Iftaar Party Banners 15x6	40	3600x15.5	55,800
3	Vegetable and fruits 15x5	34	2550x15.5	39,525
4	Meat ,poultry etc 8x3	51	1224x15.5	18,972
5	Timing, complaint cell etc. 6x3	68	1224x15.5	18,972
6	Flour, sugar etc. 6x2	102	1224x15.5	18,972
2012-13				
7	Misc Banners	840	Misc	184,440
Total				389,381

Audit is of the view that due to non compliance of Rules the stock entries were not recorded on the stock registers.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit recommends that responsibility be fixed on concerned quarters for non-accountal of items under intimation to the Audit.

[AIR Para No.10]

4.4.2 Sale of sugar without packing in violation of SOPs

As per SOPs of Ramzan Bazar issued by the Government of the Punjab, Sugar will be sold in 1 Kg and 2 Kg packing in Ramzan Bazars.

During a visit of Ramzan Bazar Kamoke it was noticed that sugar was not sold in sealed bags having Government of Punjab logo rather than

in open bags in violation of the above instructions. The same practice had been adopted in previous years. In such a situation, chances of malpractice could not be overlooked.

Audit is of the view that due to weak internal control management failed to follow the instructions of the government and sold the sugar one of the commodity at Ramzan Bazar without packing.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that matter may be investigated and responsibility may be fixed upon the persons at fault.

[AIR Para No.22]

Sugar sold in open bags instead of sealed bags



4.5 Monitoring and evaluation

4.5.1 Doubtful Sales of various commodities due to weak internal controls

According to the objectives of Ramzan contingency plan 2013 the basic objective of Ramzan bazar is to facilitate the general consumer

During scrutiny of sales record of Ramzan bazaar and physical inspection of the Ramzan bazaar Kamoke and Aimenabad 2017 it was observed that the sales record seems to be manipulated and actual position of sold commodities is different as shown on record on the following grounds:

- i. Daily stock record was not verified by the authority on a day to day basis.
- ii. The staff involved in the daily sales was untrained. The behavior of sales staff with the customers was discouraging due to lack of training and interest.
- iii. In some markets complaint register was not available, if available not a single complaint was found entered on it, manifesting management's lack in addressing complaints of the customers.
- iv. No CCTV cameras were affixed on the sales point to verify the actual sales position.

This resulted in doubtful sales of commodities on Agricultural Fair price shops for obtaining the benefit of subsidy and overhead charges due to weak internal controls.

The matter was reported to PAO / DC in July, 2017 department replied that all the codal formalities have been fulfilled for maintenance and checking of stock registers. The reply was not acceptable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that there is a need for improvement in internal controls in order to transfer the benefit of Ramzan bazaar (AFP shop) to the general public.

[AIR Para No.12]

4.5.2 Extra Burden on public exchequer

According to Rule 2.10(a) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from government revenues as

a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During Performance Audit of Ramzan Bazars Gujranwala it was observed that the management offered subsidized prices of essential commodities at all AFPS (Agriculture Fair Price Shops) with a difference of Rs.2 to Rs.10 lesser than the shops existing under the umbrella of Ramzan Bazar. It was noticed that the commodities were sold as per subsidized rate but at the same time the Fair Price Shops claimed labor, sorting, transportation and packaging and grading costs separately. Resultantly the cost of subsidized items increases manifolds than the price available in the market, hence exerting burden on the public exchequer.

Example:

Market committee Qila Didar Singh purchased following Commodities on 20.06.2015 in which it is clear that price per kg of both items increased by adding 20% wastage in sales value as compared to open market price.

Commodity	Purchase			Sale			Price Comparison		Overhead charges	20% quality premium (Grading & Wastage)	Price per kg after adding 20% wastage and overhead charges in sales value
	Weight (Kg)	Price per Kg	Total value Rs.	Weight (kg)	Price (per Kg)	Total value	Subsidized Price	Open Market Price			
Apple	100	150	15000	82	150	12300	150	160	201	2091	173
Dates	200	155	31000	95	155	14725	155	165	232	2503	169

In this scenario claims of providing commodities on lesser price or subsidized price does not hold good rather it is merely a juggling show of figures.

The matter was reported to PAO / DC in July, 2017 department replied that it is true that overhead charges are high but commodities have been provided to general public on discounted prices. So no loss has been involved. The reply of the department was not acceptable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit recommends that matter may be investigated at appropriate level and findings thereof be intimated to Audit.

[AIR Para No.13]

4.5.3 Lesser satisfaction level of consumers of Ramzan Bazar

According to rule 32(d) of PLG (Accounts) 2001, “no expenditure shall be incurred from the local fund for the benefit of a particular person or persons to the disadvantage of the community as a whole.”

During visit of Ramzan Bazar Eminabad and Kamoke , it had been noticed that level of satisfaction of the consumer was comparatively less as compared to the open market which is against the basic objectives of the Ramzan Bazar. This was evident from the random feedback taken via questionnaire and interviews from the visiting customers keeping in view the Ramzan Bazars established in the previous years;

- i. It was stated by the consumers that the subsidy given on rates is much lower when compared to open market.
- ii. The travelling expense for reaching Ramzan bazar absorbs the subsidized amount and the consumer gets no benefit.
- iii. The quality of items is very low and consumer is compelled to purchase the low grade items whereas the management does not record complaint on the complaint register.
- iv. Consumers prefer to purchase the item from their locality by selecting own choice items near about on the same rates.
- v. They prefer to purchase groceries from nearby market instead of purchasing two or three commodities for low benefit

Audit is of the view that due to weak internal control and mismanagement the basic objective of the Ramazan Bazar Policy was not obtained.

The matter was reported to PAO / DC in July, 2017 department replied that the commodities had been sold as per standards fixed in SOP of Govt. of Punjab and data was reported to Lahore Head Quarter. The reply was not acceptable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that policy should be revised in order to deliver full satisfaction to the consumers.

[AIR Para No.15]

4.5.4 Non arrangement of weekly review meeting of DPCC with traders

Ref / S. No. of Plan 2015-16 Govt. of the Punjab Industries, Commerce & Investment Department dated Lahore, the 31st March, 2016,

Weekly review meeting of the DPCC should be convened for close coordination with stakeholders, traders and growers.

During performance audit of Ramzan Bazar Gujranwala, it was observed that no meeting of DPCC was convened with stakeholders, traders and growers as no record i.e. agenda, minutes of meeting etc in this regard was provided for audit scrutiny.

Audit is of the view that due to non compliance of rules the meetings of DPCC were not arranged

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that weekly DPCC meetings should have been arranged for close coordination with stakeholders.

[AIR Para No.18]

4.5.5 Substandard quality of Food items

According to Letter No.SOF-IV-6-1/2016, Govt. of the Punjab Food Department dated Lahore, the 16th May, 2016. Flour mills will ensure the quantity and quality of Atta bags being supplied in at the designated point.

During visit of Ramzan Bazar Eminabad, the visitors / purchasers informed the audit team that flour (Atta) provided in Ramzan Bazar was not up to the mark. As one of the purchasers complained that he has purchased one bag of subsidized flour from Ramzan Bazar Eminabad that had worms in it. Upon complaining to the in charge of Ramadan Bazar he said that they had no solution to the said complaint and advised to call on a telephone number which was not responding. Another consumer complained about the poor quality of gram pulse which was not cook able.

Supply of substandard quality food items in the Ramzan Bazar shows poor monitoring of concerned authorities.

This shows poor performance and weak internal control which leads to the failure of the project.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit needs inquiry of the matter and fixing of responsibility upon the person(s) at fault.



[Substandard vegetables seen in Ramzan Bazar]

4.5.6 Use of un-approved weighing scales in Ramzan Bazars

According to clause 10 of the contingency plan 2013 on duty price Magistrate and representative of labour department shall ensure daily checking of weights and measures at the Ramzan bazars as per government instructions

During Performance Audit of Ramzan Bazars Gujranwala it had been observed that DO (Labour) Gujranwala did not perform his duty of verification of accuracy of weigh scales of Ramzan Bazars in District Gujranwala. In the absence of this verification the accuracy of weigh scales in Ramzan Bazars held doubtful and chances of less weighing of sold quantities could not be overlooked.

Audit is of the view that due to weak internal control general public sustained loss of less weighing quantities by stall keepers of Ramzan Bazars, chances of misappropriation could not be ruled out.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests inquiry of the matter and fixing of responsibility upon the person(s) at fault

[AIR Para No.20]

4.5.7 Non-availability of qualified MBBS doctor at medical help counter

As per SOPs of Ramzan Bazar it was directed that EDO (Health) would ensure availability MBBS Doctor at Ramzan Bazar to respond any emergency.

The visit of various Ramzan Bazar revealed that only a dispenser was available instead of a qualified MBBS doctor in the Ramzan Bazar which is against the policy guidelines, due to which the management failed to provide the primary health care in case of an emergency at Ramzan Bazar.

Audit is of the view that due to non compliance of policy guidelines that qualified personnel were not deputed at the Ramzan Bazar.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests inquiry of the matter for non compliance of the policy guidelines.

[AIR Para No.21]

4.6 Overall assessment

Sasta Ramzan Bazar was established to provide essential commodities to the general public on subsidized rates during the Holy month of Ramzan.

Although it had been partially successful in realizing its objective, yet a number of deficiencies hindered its way to give relief to the targeted population. Normally such initiatives attract general public due to the marked cost difference of the Ramzan Bazar as compared to those prevailing in the open market. Apart from the subsidy given on flour (Atta) and sugar, which was substantial, none of the other commodities could gather the interest of visitors in terms of purchase.

When compared to the Ramzan Bazars of other districts of Punjab, Gujranwala Ramzan Bazar remained deficient in innovation and improvement, an aspect widely noticeable in other districts such as Lahore, Rawalpindi etc. Lack of interest of the management coupled with the deviation of rules and regulations, each year Ramzan Bazar of District Gujranwala was a repeated ceremony of the preceding years.

Relevance;

Ramzan Bazar had been a highly encouraged initiative of Government of Punjab, providing relief to the public.

Economy

The management did not consider the aspect of economy while purchasing essential commodities, which led to the higher prices in Ramzan Bazar.

Efficiency

There is a need for better planning and assessment of the cost of the project according to the needs of that specific areas in order to achieve the best level of satisfaction of the general public. The funds were required to be allocated well before the month of Ramzan in order to achieve the best level of planning and assessment.

Effectiveness

The level of desired results is very moderate. Effective measures are required to be adopted in order to gain the interest/attraction of the general public. The directions were not followed in letter and spirit resulting into non-delivery of intended program objective to the general public.

Compliance with Rules

Deficiencies were found in compliance of rules and policy guidelines.

Performance Rating of Program

The performance rating of program was moderately satisfactory. Basic objectives of program were not achieved, improvements were not made and there was hardly any impact on rates of open market as indicated by the findings given below.

4.6.1 Non-achievement of basic objectives of Sasta Ramzan Bazar

It was the basic objective for establishing Sasta Ramzan Bazar to discourage the artificial price hike and to minimize unnecessary hardships of the consumers and general public by eliminating the role of middle man from the daily auction processes and to create a direct link between the “producer’s suppliers” and the “retailers”

In violation of ibid criteria it has been observed that all the commodities were purchased from the fixed stockholders on high rates due to which the ultimate benefit goes to the middle men instead of general public. This caused the failure of the basic objective of Sasta Ramzan Bazar.

Audit is of the view that due to non compliance of policy guidelines the management failed to transfer the real benefit of the project to the general public.

The matter was reported to PAO / DC in July, 2017 department replied that grocery items have been purchased according to notified rates of DCO whereas perishable items are being purchased through bidding to supply in AFPS. The reply was not acceptable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that there is a need to revise the strategy of purchase in order to transfer the real benefit to the general public instead of stock holders.

[AIR Para No.23]

4.6.2 Non consideration of aspect of innovation and improvement in Ramzan Bazars

According to the objectives of Ramzan contingency plan 2013 the basic objective of Ramzan bazar is to facilitate the general consumer.

During physical visit of the Ramzan bazar Gujranwala and Kamoke etc. it has been observed that aspect of innovation and improvement in the Ramzan bazaars was not considered to facilitate the general consumers. Even the facilities which were announced to be provided were also not delivered in full capacity and there was no innovation or improvement seen each year in the establishment of the Ramzan Bazar. The following aspects highlight the poor performance of these bazars e.g.

- i. The vehicles parking stand remained unsafe as no agency private or public was hired to protect the parked vehicles. Also the area designated for parking was not sufficient for the number of customers arriving.
- ii. No mechanism of traffic was adopted to deal with the huge influx of citizens as well as the vehicles that visited the Ramzan Bazar
- iii. In certain cases, no tuff tile or carpeting was available and dusty environment was discouraging the consumers
- iv. Waiting area was very small and not sufficient and available for general public as the deployed staff occupied all the seats and the visitors especially females kept waiting.

Non improvement of Ramzan bazaars declined the consumer ratio and interest.

Audit is of the view that due to mismanagement and lack of interest the innovations were not introduced in the project.

The matter was reported to PAO / DC in July, 2017 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that policies are required to be strengthened for the success of the project

[AIR Para No.24]

4.6.3 No impact on rates of open market

As a general principle success of any government relief package for specific portion of public necessities can be assessed by viewing the impact of this government relief on prices of these public necessities in open market.

During Performance Audit of Ramzan Bazar Gujranwala it had been observed that subsidy given by the government had no impact on open market rates because the facilities, subsidies and management was not good due to which general public was not attracted to purchase the commodities from Ramzan bazaar. Further, the rate list specified by the government of misc. commodities for open market remained the same as before, throughout the month of Ramzan unaffected by the establishment of the Ramzan Bazar. As a general principle, the success of any public project in which management gives subsidy for a specific field, it casts its impact on the prices of similar commodities in the market by lowering it. However, Ramzan bazar failed to lower market prices in general and achieves its purpose in particular.

Audit is of the view that open market rates were not affected by Ramzan Bazar owing to poor planning and supervision of the management.

The matter was reported to PAO / DC in July, 2017 department replied that except grocery items rates of all vegetables and fruits had been issued on daily basis. The reply was not acceptable. Despite repeated requests, DAC meeting was not convened till finalization of this Report.

Audit suggests that there is a need for proper planning for the success of the project.

[AIR Para No.25]

5. CONCLUSION

Ramzan Bazar is an initiative of the Government of Punjab, could have been successful to achieve its objective if best quality food items are provided at economical prices. By improving internal control system, monitoring, evaluation and proper survey of coverage of general public (beneficiaries) better results can be achieved.

5.1 Key issues for the future:

- i. Targets of the program should be specific and quantifiable for fair monitoring and evaluation by all concerned.
- ii. Measures should be adopted to improve weak internal controls.
- iii. Government's instructions and orders should be observed strictly in letter and spirit while dealing with financial matters.
- iv. Due participation of the technical representatives in the planning process should be ensured.
- v. Monitoring of the program should be strengthened to avoid complaints and irregularities.
- vi. Supervisory officers should play more effective role in supervising, planning, design and construction of program facilities. They should verify both the quantity and quality of material provided in Bazar .

5.2 Lessons Identified:

- i. The department should ensure complaint redressal system on daily basis.
- ii. The department should set up an advisory system for qualitative food selection items at reduced rates for Ramzan Bazaar.
- iii. The management should hold the data of people below the line of poverty and should devise a mechanism to provide the food items at the rates affordable by that community.
- iv. Clear understanding of the issues is extremely important for proper planning.
- v. Only integrated planning & complete execution can produce desired and sustainable results.
- vi. Merit-based selection and capacity building of staff is crucial for implementation of a plan.
- vii. Commitment of concerned authority is essential to meet objectives.
- viii. Sustainability and smooth running of the Project is not possible without proper supervision, strengthening of internal control and awareness of the community.

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