



**AUDIT REPORT**  
**ON**  
**THE ACCOUNTS OF**  
**CITY DISTRICT GOVERNMENT**  
**FAISALABAD**  
**AUDIT YEAR 2017-18**

**AUDITOR GENERAL OF PAKISTAN**

## **TABLE OF CONTENTS**

<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>i</b>
<b>Preface</b> .....	<b>iii</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>iv</b>
<b>SUMMARY TABLES &amp; CHARTS</b> .....	<b>ix</b>
Table 1: Audit Work Statistics .....	ix
Table 2: Audit Observations Classified by Category .....	ix
Table 3: Outcome Statistics .....	x
Table 4: Irregularities Pointed Out .....	xi
Table 5: Cost Benefit .....	xi
<b>CHAPTER 1</b> .....	<b>1</b>
1.1 Introduction .....	1
1.1.1 Comments on Budget and Accounts .....	2
1.1.2 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2016-17 .....	4
1.1.3 Brief Comments on the Status of Compliance with PAC Directives .....	4
<b>1.2 AUDIT PARAS</b> .....	<b>6</b>
1.2.1 Non Production of Record .....	6
1.2.2 Irregularities and Non-Compliance .....	8
1.2.3 Performance .....	38
1.2.4 Internal Control Weaknesses .....	45
<b>ANNEXURE</b> .....	<b>60</b>
Annexure-A .....	60
Annexure-B .....	68
Annexure-C .....	69
Annexure-D .....	71

Annexure-E .....	73
Annexure-F.....	74
Annexure-G.....	76

## **ABBREVIATIONS AND ACRONYMS**

AASHTO	American Association of State Highway and Transportation Officials
ADC	Additional Deputy Commissioner
B&R	Buildings & Roads
CCTV	Close Circuit Television
CDGF	City District Government Faisalabad
Cft	Cubic Feet
CFSC	Citizen Facilitation and Service Center
C&W	Communication & Works
CPO	City Police Officer
DAC	Departmental Accounts Committee
DAO	District Accounts Office/Officer
DCO	District Coordination Officer
DDC	District Development Committee
DDO	Drawing and Disbursing Officer
DDSC	District Development Steering Committee
DGA	Directorate General Audit
DO	District Officer
EDO	Executive District Officer
FD	Finance Department
FESCO	Faisalabad Electricity Supply Company
F&P	Finance & Planning
GST	General Sales Tax
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
JMF	Job Mix Formula
LED	Light Emitting Diode
LG&CD	Local Government & Community Development
LG&RD	Local Government & Rural Development
MB	Measurement Book
MC	Municipal Corporation
Pak MDGs	Pak Millennium Development Goals
MFDAC	Memorandum for Departmental Accounts Committee

MNA	Member National Assembly
M&R	Maintenance & Repair
MRS	Market Rate System
NAM	New Accounting Model
NESPAK	National Engineering Services Pakistan
NLC	National Logistic Cell
PAC	Public Accounts Committee
PC-I	Planning Commission Form-I
PARCO	Pak Arab Refinery Company
PCPS	Pre Cast Parabolic Segment
P&D	Planning & Development
PDG	Punjab District Government
PDWP	Provincial Development Working Party
PFR	Punjab Financial Rules
PHA	Parks and Horticulture Authority
PHE	Public Health Engineering
PLGO	Punjab Local Government Ordinance
POL	Petroleum Oil and Lubricants
PPRA	Punjab Procurement Regulatory Authority
PSTS	Punjab Sales Tax on Services
RCC	Reinforced Cement Concrete
RDA	Regional Directorate of Audit
Rft	Running Feet
RR&MTI	Road Research & Material Testing Institute
SAP	Systems, Applications and Products
SDO	Sub-Divisional Officer
Sft	Square Feet
S&GAD	Services and General Administration Department
Sqm	Square Meter
TMA	Town/Tehsil Municipal Administration
TSE	Technically Sanctioned Estimate
WAPDA	Water & Power Development Authority
WASA	Water and Sanitation Agency
W&S	Works & Services
XEN	Executive Engineer

## **Preface**

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 & 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of Receipts and Expenditure of the Local Fund and Public Account of District Governments.

The report is based on audit of the accounts of various offices of the City District Government, Faisalabad for the Financial Year 2016-17 (July, 2016 to December, 2016). The Directorate General of Audit, District Governments, Punjab (South), Multan conducted audit during Audit Year 2017-18 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 million or more. Relatively less significant issues are listed in the Annexure-A of the Audit Report. The Audit observations listed in the Annexure-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 observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

The observations included in this Report have been finalized in the light of written responses of the management concerned and DAC directives wherever conveyed.

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 read with Section 115 of the Punjab Local Government Ordinance, 2001 for causing it to be laid before the Provincial Assembly.

Islamabad  
Dated: **22.02.2018**

**-Sd-**  
**(Javaid Jehangir)**  
**Auditor General of Pakistan**

## **EXECUTIVE SUMMARY**

The Directorate General Audit, District Governments, Punjab (South), Multan is mandated for carrying out audit of the City District Governments and District Governments in Punjab (South). The Regional Directorate of Audit (RDA), District Governments, Faisalabad, a Field Audit Office of the DGA, District Governments, Punjab (South), Multan, carries out audit of District Governments Faisalabad, Jhang, Toba Tek Singh and Chiniot.

The Regional Directorate has a human resource of 17 officers and staff, constituting 4,784 mandays and the budget amounting to Rs 20.158 million was allocated in Audit Year 2017-18. The office is mandated to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly, Regional Directorate of Audit, Faisalabad carried out audit of the accounts of various formations of City District Government, Faisalabad for the financial year 2016-17 and the findings are included in the Audit Report.

The City District Government, Faisalabad conducts its operations under Punjab Local Government Ordinance, 2001. The District Coordination Officer (DCO) is the Principal Accounting Officer (PAO) of the District Government and carries out functions of the District Government through group of offices as notified in Punjab Local Government Ordinance. According to the Ordinance, the District Government Fund comprises District Local Fund and Public Account. Due to delay of electoral process, Zila Nazim / Zila Council was not elected; therefore, the Annual Budget Statement was authorized by the DCO, who has been notified as Administrator by Government of the Punjab in February, 2010.

City District Faisalabad is administratively divided into eight towns namely Lyallpur, Iqbal, Madina, Jinnah, Jaranwala, Samundari, Tandlianwala and Jhumra.

## **Audit Objectives**

Audit was conducted with the objective to ensure that:

1. Money shown as expenditure in the accounts was authorized for the purpose for which it was spent.
2. Expenditure was incurred in conformity with the laws, rules and regulations framed to regulate the procedure for expending public money.
3. Every item of expenditure was incurred with the approval of the Competent Authority in the Government.
4. Public money was not wasted.
5. The assessment, collection and accountal of revenue was made in accordance with prescribed laws, rules & regulations and accounted for in the books of accounts of the City District Government.

### **a) Scope of Audit**

Out of total expenditure of the City District Government (CDG), Faisalabad for the financial year 2016-17, auditable expenditure under the jurisdiction of Regional Director Audit, District Governments, Faisalabad was Rs 2,840.589 million covering one PAO and 86 formations. Out of this, RDA, Faisalabad audited an expenditure of Rs 1,101.238 million which, in terms of percentage, was 39% of total auditable expenditure. Regional Director Audit planned and executed audit of 06 formations i.e. 100% achievement against planned audit activities.

Total receipts of the CDG Faisalabad for the financial year 2016-17 were Rs 169.584 million. RDA, Faisalabad audited receipts of Rs 110.230 million which, in terms of percentage, were 65% of total receipts.



**b) Recoveries at the Instance of Audit**

Recoveries of Rs 84.266 million were pointed out by Audit which were not in the notice of the management before audit. An amount of Rs 0.207 million was recovered and verified during year 2016-17, till the time of compilation of the Report.

However, recovery of Rs 83.411 million pertaining to Paras (over one million) has been drafted in this Report. No further recovery has been made by the management till the time of compilation of this Report.

**c) Audit Methodology**

Audit was carried out against the standards of financial governance provided under various provisions of the Punjab Local Government Ordinance, 2001 (as amended), Punjab Financial Rules (PFR) Volume-I & II, Delegation of Financial Powers and other relevant laws, which govern the propriety of utilization of the financial resources of the District Government in accordance with the regularity framework provided by the relevant laws. On the spot examination and verification of record was also carried out in accordance with the applicable laws/rules and according to the INTOSAI auditing standards.

The selection of the audit formations was made keeping in view the significance and risk assessment. The samples were selected after prioritizing risk areas by determining significance and risk associated with identified key controls.

**d) Audit Impact**

A number of improvements in record maintenance and procedures have been initiated by the departments concerned. However, audit impact in shape of change in rules could not be materialized as the provincial Public Accounts Committee has not discussed any Audit Report.

**e) Comments on Internal Control and Internal Audit Department**

Internal control mechanism of City District Government, Faisalabad was not found satisfactory during audit. Many instances of irregularities and weak Internal Controls have been highlighted during the course of audit which includes some serious lapses like non-production of record, withdrawal of inadmissible pay & allowances, non-realization of Government receipts, overpayment to contractors & suppliers, unauthorized withdrawal of funds, violation of procurement rules and non-utilization of funds. Negligence on the part of CDG authorities may be captioned as one of important reasons for weak Internal Controls.

According to Section 115-A(1) of PLGO, 2001, Nazim of each District Government and Tehsil/Town Municipal Administration shall appoint an Internal Auditor but the same was not appointed in City District Government, Faisalabad.

**f) The Key Audit Findings of the Report**

- i. Non-production of record of Rs 568.963 million was reported in one case.<sup>1</sup>
- ii. Irregularities and non-compliance of Rs 795.544 million were reported in 23 cases.<sup>2</sup>
- iii. Performance issues involving an amount of Rs 280.116 million were reported in five cases.<sup>3</sup>

---

<sup>1</sup>Para: 1.2.1.1

<sup>2</sup>Para: 1.2.2.1 to 1.2.2.23

<sup>3</sup>Para: 1.2.3.1 to 1.2.3.5

- iv. Internal Control Weaknesses involving an amount of Rs 120.589 million were reported in eleven cases.<sup>4</sup>

Audit Paras involving procedural violations including internal control weaknesses and other irregularities not considered worth reporting to the provincial Public Accounts Committee were included in Memorandum for Departmental Accounts Committee (Annexure-A).

**g) Recommendations**

PAO/City District Government is required to:

- i. Ensure production of record for mandatory audit.
- ii. Effect recoveries pointed out during audit.
- iii. Comply with the Punjab Procurement Rules and other relevant rules for economical and rational procurement of goods and services.
- iv. Strengthen the existing internal controls to avoid recurrence of similar nature irregularities time and again.
- v. Implement internal as well as financial controls in letter and spirit to avoid unauthorized withdrawal/utilization of funds.
- vi. Make efforts for prompt realization of various Government receipts.

---

<sup>4</sup>Para: 1.2.4.1 to 1.2.4.11

## SUMMARY TABLES & CHARTS

**Table 1: Audit Work Statistics**

(Rupees in million)

Sr. No.	Description	No.	Expenditure	Receipts	Total
1	Total Entities (PAOs) in Audit Jurisdiction	1	2,840.589	169.548	3,010.137
2	Total Formations in Audit Jurisdiction	86	2,840.589	169.548	3,010.137
3	Total Entities (PAOs) Audited	1	1,101.238	110.230	1,211.468
4	Total Formations Audited	06	1,101.238	110.230	1,211.468
5	Audit & Inspection Reports	06	1,101.238	110.230	1,211.468

**Table 2: Audit Observations Classified by Category**

(Rupees in million)

Sr. No.	Description	Amount Placed Under Audit Observation
1	Asset Management	-
2	Financial Management	1,075.660
3	Internal Controls	120.589
4	Others	568.963
<b>Total</b>		<b>1,765.212</b>

**Table 3: Outcome Statistics**

(Rupees in million)

Sr. No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Salary	Non-Salary	Civil Works	Receipts	Total Current Year	Total Last Year
1	Total Financial Outlay	33.934	1,536.025	793.621	476.973	169.584	3,010.137	22,831.391
2	Outlays Audited	33.183	183.400	172.140	712.515	110.230	1,211.468*	10,671.115
3	Amount Placed under Audit Observations/ Irregularities Pointed Out	-	246.764	299.264	1,216.629	2.555	1,765.212	7,507.901
4	Recoveries Pointed Out at the Instance of Audit	-	-	3.174	77.682	2.555	83.411	154.510
5	Recoveries Accepted / Established at the Instance of Audit	-	-	3.174	-	-	3.174	52.516
6	Recoveries Realized at the Instance of Audit	-	0.012	-	-	0.195	0.207	1.754

\*The amount mentioned against Sr. No.2 in column of "Total" is the sum of Expenditure and Receipts whereas the total expenditure was Rs 1,101.238 million.

**Table 4: Irregularities Pointed Out**

(Rupees in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Violation of rules & regulations and violation of principles of propriety and probity in public operations.	1,072.486
2	Reported cases of fraud, embezzlement, theft and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from IPSAS <sup>5</sup> , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinion on the financial statements.	-
4	Quantification of weaknesses of internal control systems	120.589
5	Recoveries and overpayments, representing cases of established overpayments or misappropriations of public monies.	3.174
6	Non-production of record.	568.963
7	Others, including cases of accidents, negligence etc.	-
	<b>Total</b>	<b>1,765.212</b>

**Table 5: Cost Benefit**

(Rupees in million)

Sr. No.	Description	Amount
1	Outlays Audited (Items 2 of Table 3)	1,211.468
2	Expenditure on Audit	-
3	Recoveries realized at the instance of Audit	0.207
	Cost-Benefit Ratio	207:1

---

<sup>5</sup>The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

## **CHAPTER 1**

### **1.1 Introduction**

As per the Punjab Local Government Ordinance, 2001, the District Governments/Local Governments established under the Ordinance shall function within the Provincial framework and adhere to the Federal and Provincial Laws. In performance of the functions, Local Governments carry out the functions devolved by the Provincial Government to the District Government level.

The District Governments consist of Zila Nazim/Administrator and District Administration. The District Government shall be competent to acquire, hold or transfer any property, movable and immovable, to enter into contract and to sue or be sued in its name through District Coordination Officer. The authority of the District Government comprises the management and control of offices of the devolved departments which are decentralized or set up under the Ordinance. The District Government exercises such authority within the District in accordance with general policy of the Government. The District Government is responsible to the people and is mandated for improvement of governance and delivery of services within the ambit of authority decentralized under this Ordinance.

The DCO is the Principal Accounting Officer of the District Government and is responsible to the Public Accounts Committee of the Provincial Assembly. He is responsible to ensure that the business of the District Government is carried out in accordance with the laws and to coordinate the activities of the groups of offices for coherent planning, development, effective and efficient functioning of the District Administration.

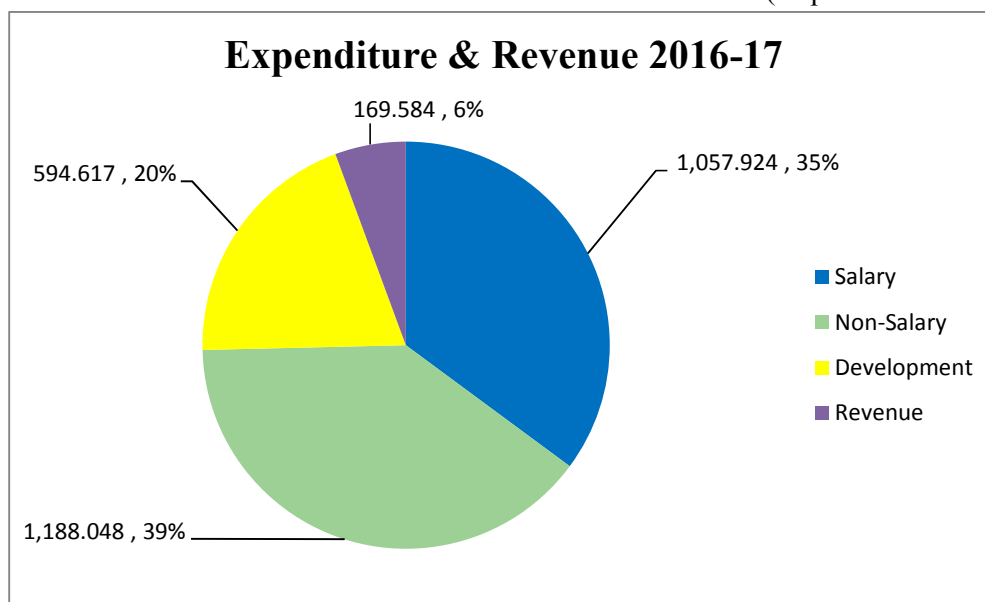
### 1.1.1 Comments on Budget and Accounts

The detail of budget & expenditure is given below in tabulated form:

(Rupees in million)

2016-17	Budget	Actual	Excess (+)/ Lapse (-)	% (Lapse)
Salary	1,171.122	1057.924	(-)113.198	10.70%
Non-Salary	4,541.860	1,188.048	(-)3,353.812	73.84%
Development	1,512.502	594.617	(-)917.885	60.69%
<b>Total</b>	<b>7,225.484</b>	<b>2,840.589</b>	<b>(-)4,384.895</b>	<b>60.69%</b>
Receipts	800.000	169.584	(-)630.416	78.80%

(Rupees in million)

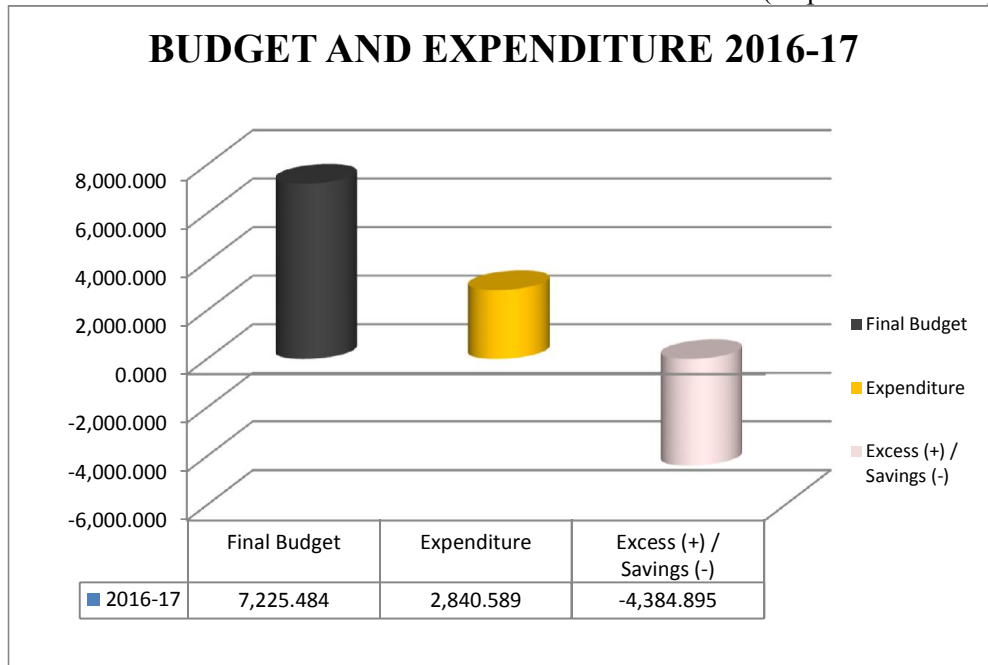


As per Appropriation Accounts 2016-17 of the City District Government, Faisalabad, total original budget (Development & Non-Development) was Rs 5,989.986 million, Supplementary Grant of Rs 1,235.497 million was provided and the final budget was Rs 7,225.484 million. Against the final budget, total



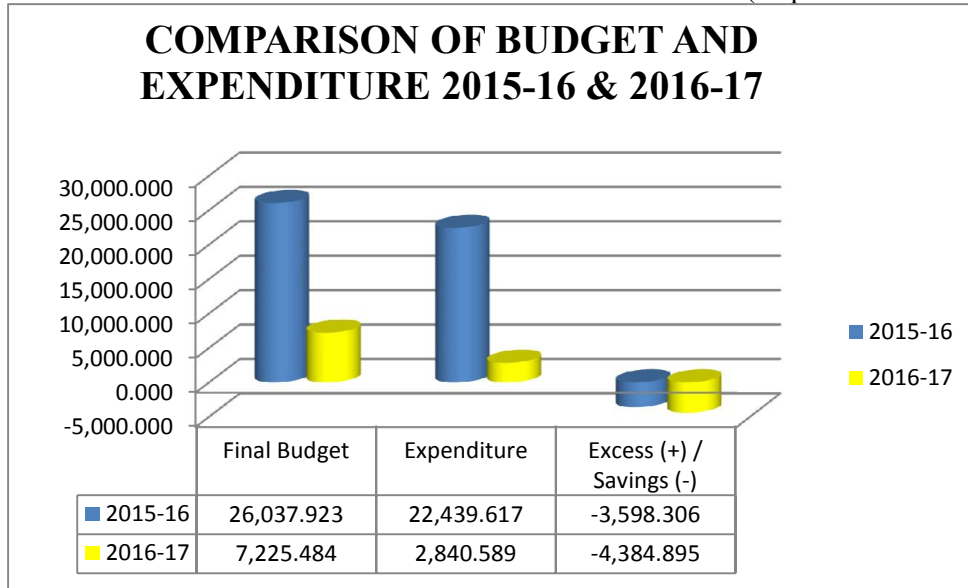
expenditure of Rs 2840.589 million was incurred by the City District Government during 2016-17. A lapse of Rs 4,384.895 million came to the notice of Audit due to inefficient financial management in release of budget by EDO (Finance & Planning). The comparison of budget and expenditure for FY 2016-17 showing huge lapse is as under:

(Rupees in million)



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

(Rupees in million)



### **1.1.2 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2016-17**

Audit Paras reported in MFDAC of last year Audit Report, which have not been attended in accordance with the directives of DAC, have now been reported in Part-II of Annexure-A.

### **1.1.3 Brief Comments on the Status of Compliance with PAC Directives**

The Audit Reports pertaining to the following years were submitted to the Governor of the Punjab for causing it to be laid before the Provincial Assembly. PAC has not been constituted for Audit Reports of District Governments.

### Status of Previous Audit Reports

<b>Sr. No.</b>	<b>Audit Year</b>	<b>No. of Paras</b>	<b>Status of PAC Meetings</b>
1	2002-03	29	PAC not constituted
2	2003-04	29	PAC not constituted
3	2004-05	33	PAC not constituted
4	*July, 2005 to March, 2008 Special Audit Report	119	PAC not constituted
5	2009-10	39	PAC not constituted
6	2010-11	49	PAC not constituted
7	2011-12	40	PAC not constituted
8	2012-13	22	PAC not constituted
9	2013-14	18	PAC not constituted
10	2014-15	34	PAC not constituted
11	2015-16	48	PAC not constituted
12	2016-17	59	PAC not constituted

\*Period covered in Special Audit for Financial Year 2005-08

## 1.2 AUDIT PARAS

### 1.2.1 Non Production of Record

#### 1.2.1.1 Non production of record – Rs 568.963 million

According to Clause 14(1)(b) of the Auditor General’s (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 read with 18<sup>th</sup> Constitutional Amendment, “The Auditor General shall in connection with the performance of his duties under this ordinance, have authority to inspect any office of accounts, under the control of Federation or of Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts”. Further, according to Section 115(6) of the Punjab Local Government Ordinance, 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 expeditions”.

Executive Engineers, Buildings Divisions and Highway Divisions Faisalabad being successors of Ex-District Officer (Buildings) and Ex-District Officer (Roads), Faisalabad did not produce auditable record i.e. Measurement Books (MBs), road maintenance and material at site registers, technically sanctioned estimate etc. pertaining to 351 civil works of construction, repair, improvement and reconstruction of buildings and roads involving expenditure of Rs 568.963 million incurred during 2016-17. The detail is as under:

(Rupees in million)

Sr. No.	Name of Office	Detail of Record not Produced	No. of Works	Amount
1	Executive Engineers, Buildings Divisions, Faisalabad	Measurement Books	316	363.015
2	Successor Executive Engineers, Highway Divisions, Faisalabad	Measurement Books, roads maintenance register, material at site accounts/registers etc.	34	180.459

<b>Sr. No.</b>	<b>Name of Office</b>	<b>Detail of Record not Produced</b>	<b>No. of Works</b>	<b>Amount</b>
		Revised technically sanctioned estimate of work for repair of road cut on various roads, Faisalabad along with Measurement Book(s)	1	25.489
<b>Total</b>			<b>351</b>	<b>568.963</b>

Audit is of the view that due to irresponsible attitude on the part of management, auditable record was not produced.

Non production of record resulted in unauthentic expenditure amounting to Rs 568.963 million besides creating doubts regarding its legitimacy.

The matter was reported to the PAO and DDOs concerned in August, 2017. Neither, any reply was submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides production of record for Audit scrutiny.

[AIR Paras: 35, 33, 32]

## **1.2.2 Irregularities and Non-Compliance**

### **1.2.2.1 Unauthorized release of funds – Rs 250 million**

According to Heading 10 (Project's Source of Financing) of the PC-I of the scheme for construction of Parking Plaza at Old Mayor House, Faisalabad, construction cost would be met from the funds generated after the lease of saleable area of shopping mall.

Contrary to the above, authorities of City District Government, Faisalabad released funds amounting to Rs 250 million to District Officer (Buildings), Faisalabad from City District Government Account-IV for construction of Parking Plaza at Old Mayor House, Faisalabad without making efforts for generation of funds through lease of saleable area of shopping mall.

Audit is of the view that due to weak management and financial indiscipline, funds were released from City District Government Account-IV.

Unjustified release of funds amounting to Rs 250 million resulted in violation of the provision of the PC-I and extra burden on Account-IV of CDGF.

The matter was reported to the PAO and DDO concerned in July, 2017. In DAC meeting held in August, 2017, it was replied that amount was released for the said project as sufficient funds were available with CDGF. The reply was not tenable because unauthorized release of funds was made in violation of provisions of the PC-I. DAC directed ADC (F&P) to get clarification from Planning & Development Department regarding release of funds from City District Government account instead of arranging funds as per provisions of approved PC-I. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of the matter.

[AIR Para: 1]

### 1.2.2.2 Execution of additional work without retendering – Rs 129.538 million

According to Rule 59(c)(iv) of the Punjab Procurement Rules, 2014, a procuring agency may utilize the alternative method of “Direct Contracting” for procurement of goods, services and works, through “Repeat Orders” not exceeding 15 percent of the original procurement. Further, according to Inter Departmental Committee of the Public Accounts Committee decision dated 17.11.2001, the management is not empowered to award a new work as an additional work to an existing contractor without calling open tenders.

District Officer (Roads) and District Officer (Buildings), Faisalabad awarded six works for widening/repair/ improvement of roads and construction of building to contactors at original agreement cost of Rs 74.830 million during 2015-16. Subsequently, schemes were revised and scope of works was enhanced to the extent of Rs 199.793 million during February to December, 2016. Additional works costing Rs 129.538 million were awarded to the same contractors without inviting fresh tenders. It was pertinent to mention that in most of the cases, enhancement in cost of the schemes was made even after stipulated dates of completion. The detail is as under:

(Rupees in million)

Sr. No.	Name of Scheme	Original Works		Additional Works		Upto Date Payment	Amount of Work Without Tendering	Additional Work in Terms of Percentage
		Cost of Original Award	Stipulated Date of Completion	Date of Award of Additional Work	Cost of Work after Enhancement			
1	Widening/ improvement of Canal Road, Tandlianwala	18.841	10.05.2015	11.02.2016	53.705	58.280	39.439	209%
2	Repair of road cut on various roads of Faisalabad	0.598	21.01.2016	11.02.2016	35.159	25.448	34.561	5779%
3	Widening/ improvement of road from Samundari Okara Road to Chak No. 471/GB Wahga Border Shaheed Road	22.913	26.12.2015	01.09.2016	41.917	40.653	19.004	83%

Sr. No.	Name of Scheme	Original Works		Additional Works		Upto Date Payment	Amount of Work Without Tendering	Additional Work in Terms of Percentage
		Cost of Original Award	Stipulated Date of Completion	Date of Award of Additional Work	Cost of Work after Enhancement			
4	Repair/ improvement of Jhang Road from Chenab Chowk to Airport, Faisalabad (jersey barriers, cold milling, painting)	16.829	26.01.2017	21.12.16	35.214	17.045	18.385	109%4
5	Providing/ laying of tuff tiles and LED lights at Madni Masjid Road, Faisalabad	11.772	30.11.2015	22.07.2016	26.337	25.753	14.565	124%
6	Construction of Industrial School at Chak No. 542/GB	3.877	16.02.2015	14.10.2016	7.461	7.461	3.584	92%
<b>Total</b>		<b>74.830</b>			<b>199.793</b>	<b>170.763</b>	<b>129.538</b>	

Audit is of the view that due to non-compliance of procurement rules and lack of due diligence, additional works were awarded without open competition.

Award of works without open competition resulted in mis-procurement amounting to Rs 129.538 million besides depriving the Government from the lowest possible rates.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that no separate approval was accorded by the Competent Authority for the enhanced scope rather existing estimates were revised to complete the schemes. The reply was not tenable because scope of works was enhanced to the extent of 173 percent and got executed without retendering in violation of procurement rules / PAC Directives. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Paras: 9, 15, 8, 11, 2, 4]



### **1.2.2.3 Execution of work without job mix formula – Rs 96.457 million**

According to Government of the Punjab, Communication & Works (C&W) Department letter No.PA/Secy.(C&W)26-5/2009 dated 25.05.2009, Job Mix Formula (JMF) for asphalt base course and asphalt wearing course must invariably be approved from Road Research & Material Testing Institute (RR&MTI). After its approval, it must be strictly followed at site and no deviation be allowed under any circumstances. Further, according to Government of the Punjab, Finance Department Notification No.RO.(Tech)FD.2-3/2004 dated 02.08.2004, the rate of item of carpeting shall be fixed by the Chief Engineer on the basis of different percentages of bitumen i.e. 3% to 6%. However, payment will be made to contractor as per JMF or bitumen used in the work.

District Officer (Roads) and District Officer (Buildings), Faisalabad got executed 11 works for construction, repair and improvement of roads in Faisalabad during 2015-17. However, premixed carpeting costing Rs 96.457 million was laid on roads without formulation and approval of JMF from the RR&MTI. Further, payment against carpeting was made on the basis of 4% bitumen without laboratory test reports certifying percentage of bitumen. **(Annexure-C)**

Audit is of the view that due to weak management and monitoring mechanism, carpeted roads were constructed without test reports and approval of JMF from RR&MTI.

Non-approval of JMF and payment without assurance of quality resulted in irregular expenditure of Rs 96.457 million on premixed bituminous material for carpeted roads.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that job mix formula was adopted as advised by NESPAK for other works executed in City District Faisalabad by NLC. The reply was not tenable because JMF was not got approved for each work separately as per instructions of the Government and site

conditions. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Paras: 20, 1]

#### **1.2.2.4 Irregular payment of bituminous items – Rs 94.420 million**

According to Government of the Punjab, Communication & Works (C&W) Department, letter No.PA/SECY(C&W)26.05/2009 dated 25.05.2009, the bitumen to be used should be tested from the Road Research & Material Testing Institute (RR&MTI) to ensure that it meets the American Association of State Highway and Transportation Officials (AASHTO) Standards. Further, according to Government of the Punjab, C&W Department Notification No.SOH-I(C&W)1-49/2012(G) dated 13.06.2014, approval was accorded for use of “Parco Biturox” produced by Pak Arab Refinery Limited (PARCO), Mehmood Kot District Muzaffargarh, in projects to be executed by C&W Department, having grade 60/70 & grade 80/100 in addition to bitumen of National Refinery Karachi.

District Officer (Roads) and District Officer (Buildings), Faisalabad made payment of Rs 94.420 million to different contractors for execution of bituminous items in 22 works for construction, repair and improvement of roads in Faisalabad during 2016-17. Contrary to the above, works were executed and payments were made without getting the quality of bitumen tested from the RR&MTI. Documentary evidence for procurement and consumption of bitumen from approved refinery was also not forthcoming from the record.

Audit is of the view that due to weak monitoring mechanism, the quality of bituminous items was not got tested from RR&MTI and utilization of approved quality bitumen was also not ensured.

Utilization of bitumen without testing and ensuring quality resulted in irregular expenditure amounting to Rs 94.420 million.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that quality of bitumen was ensured at the time of execution of works. The reply was not tenable because evidence regarding testing/ensuring quality of bitumen was not forthcoming from the record. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Paras: 21, 30]

#### **1.2.2.5 Excess payment to contractors beyond agreement cost – Rs 41.815 million**

According to Para 2.7 of the West Pakistan Buildings and Roads (B&R) Department Code, cases where the detailed estimates exceed the amount of administrative approval by more than 5 percent and also in cases in which it becomes apparent during the execution of the work, that the amount administratively approved will be exceeded by more than 10 percent or the amount of the technical sanction will be exceeded owing to increase of rates or other causes, the revised administrative approval of the Competent Authority must be obtained. Further, according to Para 1.59 of the code *ibid*, Divisional Officers are strictly prohibited from making or permitting any material deviations from any sanctioned design in the course of execution without specific authority.

District Officer (Roads) and District Officer (Buildings), Faisalabad awarded five civil works for construction/reconstruction of buildings and widening/improvement of roads in Faisalabad to different contractors at agreement cost of Rs 110.939 million during 2015-16. However, payment amounting to Rs 152.754 million was made to the contractors against these works upto December, 2016. Contrary to the above provisions, excess payment of

Rs 41.815 million (ranging from 12 to 112 percent) beyond agreement cost was made to contractors. It is pertinent to mention that payment beyond agreement cost was made due to enhancement in scope of works without approval of the Competent Authority. The detail is as under:

(Rupees in million)

Sr. No.	Name of Work	Work Order No. & Date	Work Order Amount	Amount Paid	Excess Payment	% age of Excess Payment
1	Establishment of facilitation and service centre at Faisalabad	5917 dated 10.08.2015	61.085	89.384	28.299	46%
2	Re-construction of 14 dangerous class rooms with veranda at M.C. Girls High School Haji Abad	719 dated 28.01.2016	12.674	14.269	1.595	13%
3	Widening/improvement of road from Chenab Chowk to Lakar Mandi, Faisalabad	1085 dated 27.02.16	7.052	14.945	7.893	112%
4	Repair/improvement of road Chak No.19/JB Boraly to Saim Pull via Chak No. 44/JB	1317 dated 17.03.2016	13.201	15.134	1.933	15%
5	Provision of tuff tiles and drain along Jhang Road, Faisalabad	7060/HC dated 31.12.15	16.927	19.022	2.095	12%
<b>Total</b>			<b>110.939</b>	<b>152.754</b>	<b>41.815</b>	<b>38%</b>

Audit is of the view that due to weak monitoring and financial controls, payment was made to contractors beyond agreement cost.

Payment beyond agreement cost resulted in excess payment of Rs 41.815 million to the contractors.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that payment was made within the cost of revised technically sanctioned estimates and according to release of funds. The reply was not tenable because no documentary evidence regarding enhancement of scope was provided in support of reply and payment was made beyond agreement cost without approval of the Competent

Authority. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Paras: 2, 18, 12, 1]

#### **1.2.2.6 Non-imposition/recovery of penalty for delay in completion of works – Rs 32.998 million**

According to Clause 39 of the Contract Agreement, the time limit for carrying out the work as entered in the tender shall be strictly observed by the contractor. The contractor shall pay as compensation an amount equal to one percent of the amount of contract subject to a maximum of ten per cent or such smaller amount as the engineer-in-charge may decide, for every day that the work remains un-commenced or unfinished after the proper date.

District Officers (Roads) and District Officer (Buildings), Faisalabad awarded 39 works costing Rs 294.960 million for construction, improvement and repair of roads and buildings during 2015-17. However, contractors failed to complete the works within stipulated period provided in the agreements and works remained incomplete till December, 2016. Contrary to the above, District Officers (Roads) and Buildings did not impose penalty amounting to Rs 28.748 million for delay in completion of schemes. Further, District Officer (Buildings) made less recovery of Rs 4.250 million against already imposed penalty, as detailed below:

(Rupees in million)

Sr. No.	Name of DDOs	No. of Works	Agreement Cost	Upto Date Expenditure	Penalty to be Imposed @10%	Penalty Imposed	Amount of Penalty
1	District Officer (Roads), Faisalabad	5	64.257	44.827	6.426	0	6.426
2	District Officer (Buildings), Faisalabad	11	223.215	156.105	22.322	0	22.322
		23	7.488	-	4.306	0.056	4.250
<b>Total</b>		<b>39</b>	<b>294.96</b>	<b>200.932</b>	<b>33.054</b>	<b>0.056</b>	<b>32.998</b>

Audit is of the view that due to weak monitoring mechanism, works remained incomplete or completed after stipulated date and penalty was either not imposed or less recovered.

Non-imposition and less recovery of penalty resulted in loss to the Government exchequer amounting to Rs 32.998 million.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that schemes were delayed due to non-release of funds, change in scope of work, non-clearance of site etc. The reply was not tenable because no documentary evidence in support of reply was submitted and works could not be completed even after lapse of 6 to 13 months from the stipulated completion dates. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 32.998 million from the concerned.

[AIR Paras: 26, 13, 16]

#### **1.2.2.7 Non-surrendering of savings to Federal Government – Rs 25.741 million**

According to Para 4(xiv) of the Guidelines for execution of Pak Millennium Development Goals (Pak MDGs) Community Development Programme issued by Government of Pakistan, Cabinet Secretariat, Cabinet Division vide letter No.U.O No.7(1)/DD(Dev)/14-15 dated 15.01.2015, the savings shall be surrendered immediately on completion of the scheme without waiting for closing of the financial year.

City District Government, Faisalabad got executed 383 schemes costing Rs 607.343 million under Pak MDGs Community Development Programme for construction, repair/rehabilitation of roads, rural drainage, soling etc. through different executing agencies during 2014-15 and 2015-16. However, the schemes

were completed with actual expenditure of Rs 581.602 million resulting in savings of Rs 25.741 million but the same were not surrendered to Federal Government upto June, 2017.

Audit is of the view that due to financial indiscipline, savings against the schemes were not surrendered well in time.

Non-surrendering of savings amounting to Rs 25.741 million resulted in violation of the Government instructions.

The matter was reported to the PAO and DDO concerned in July, 2017. In DAC meeting held in August, 2017, it was replied that savings from Pak MDGs schemes were utilized for execution of new schemes initiated by MNAs concerned on the directions of the Prime Minister Office. The reply was not tenable because the said instructions pertained to utilization of funds during 2014-15 only. DAC directed ADC (F&P) to get the matter regularized from the Competent Authority. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides surrendering of savings to the Federal Government.

[AIR Para: 2]

#### **1.2.2.8 Excess payment due to non-deduction of Sales Tax on Services – Rs 24.829 million**

According to Government of the Punjab, Finance Department Notification No.SO(Tax)5-24/2016 dated 05.10.2016, the Punjab Sales Tax on Services (PSTS) was levied on services specified in the Column 4 of the Table-1 given in the notification. Further, according to endorsement of District Collector, Faisalabad issued vide letter No.3060-DCR/HC(G) dated 25.10.2016, it was the responsibility of the withholding agent to deduct PSTS @ 16% on services provided for maintenance and repair of buildings including other similar services and @ 1% for payments against development works.

District Officer (Buildings) and District Officer (Roads), Faisalabad made payments of Rs 289.210 million to various contractors for execution of 320 civil works including development and repair/maintenance during 2016-17. However, Punjab Sales Tax on Services amounting to Rs 24.829 million @ 1% on development works and 16% on repair/maintenance works was not deducted from the claims of the contractors before making payments. The detail is as under:

(Rupees in million)

Sr. No.	DDOs	Nature of Works	No. of Works	Payment	Rate of Tax	Amount
1	District Officer (Buildings), Faisalabad	Development	2	2.126	1%	0.021
		Maintenance & Repair	252	38.690	16%	6.190
2	District Officer (Roads), Faisalabad	Development	34	140.828	1%	1.408
		Maintenance & Repair	32	107.566	16%	17.210
<b>Total</b>			<b>320</b>	<b>289.210</b>	-	<b>24.829</b>

Audit is of the view that due to weak financial controls, Punjab Sales Tax on Services was not deducted from the claims of the contractors.

Non-deduction of PSTS from the claims of the contractors resulted in excess payment and loss of Rs 24.829 million to the public exchequer.

The matter was reported to the PAO and DDOs concerned in August, 2017. Neither, any reply was submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends recovery of PSTS amounting to Rs 24.829 million from the concerned.

[AIR Paras: 9, 30]

#### **1.2.2.9 Irregular expenditure on LED Lights without analysis of rates – Rs 23.929 million**

According to Government of the Punjab, Finance Department's instructions vide letter No. RO(Tech)FD-18-23/2004 dated 21.09.2004 read with Notification No.RO(TECH)FD-2-3/2004 dated 02.08.2004, rate analysis for the



non-standardized items shall be prepared by the Executive Engineer on the basis of input rates of relevant quarter placed at website of Finance Department and approved by the Competent Authority not below the rank of Superintending Engineer/Chief Engineers. However, rates shall not be more than the market rates.

District Officer (Roads), Faisalabad executed two civil works for installation of LED street lights during 2015-17. Technically sanctioned estimates and execution of the works included non-schedule item of LED street lights 120-watt costing Rs 23.929 million @ 86,700 per light. Contrary to the above, the non-schedule item was provided in estimates and executed in works without preparation of analysis of rates duly supported by competitive market rates and approval of the same from the Competent Authority. It is pertinent to mention that TMA Madina Town, Faisalabad executed the same item of same specifications and same manufacturer @ 72,000 per light during 2015-16. Hence, excess expenditure of Rs 4.101 million was also made due to charging of excessive rate. The detail is as under:

(Rupees in million)

Name of Works	Quantity Executed	Rate Paid	Amount Paid	Rate at TMA Madina Town	Excess	Amount
Providing/laying of tuff tiles and installation of LED lights at Madni Masjid Road, Faisalabad	183	86,700	15.866	72,000	14,700	2.690
Providing and installation of LED lights at eight bazars, Faisalabad	96	86,700	8.063	72,000	14,700	1.411
<b>Total</b>	<b>279</b>	<b>-</b>	<b>23.929</b>	<b>-</b>	<b>-</b>	<b>4.101</b>

Audit is of the view that due to weak financial management, non-schedule item was provided and paid without preparation of analysis of rates and obtaining competitive market rates.

Provision of non-schedule items without preparation of analysis of rates and non-obtaining of competitive market rates resulted in irregular expenditure of Rs 23.929 million besides charging of excessive rate.

The matter was reported to the PAO and DDO concerned in August, 2017. It was replied that non-standardized items were provided in the estimates technically sanctioned by the Competent Authority and works were awarded after adopting tendering procedure. The reply was not tenable because payment was made without preparation and approval of analysis of rates. Neither, annotated reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of overpaid amount from the concerned.

[AIR Paras: 3, 4]

#### **1.2.2.10 Irregular payment of non-schedule items – Rs 12.329 million**

According to Government of the Punjab, Finance Department's instructions vide letter No.RO(Tech)FD-18-23/2004 dated 21.09.2004 read with Notification No.RO(TECH)FD-2-3/2004 dated 02.08.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer on the basis of input rates of relevant quarter placed at website of Finance Department and approved by the Competent Authority not below the rank of Superintending Engineer/Chief Engineers. However, rates shall not be more than the market rates. Further, according to conditions of Acceptance Letters of the works issued by District Officer (Buildings) and District Officer (Roads), Faisalabad, the rates of non-standardized items were subject to final approval by the Competent Authority i.e. EDO (W&S), Faisalabad.

District Officer (Buildings) and District Officer (Roads), Faisalabad executed eleven civil works of construction of park, installation of water filtration plant, preservation of historic places and widening/repair/improvement of roads during 2016-17. Technically sanctioned estimates and execution of the works included non-schedule items costing Rs 12.329 million. Contrary to the above, these non-schedule items were provided and executed in works without preparation

and approval of analysis of rates from the Competent Authority. Resultantly, non-scheduled items were executed and payment was made to contractors on unapproved rates. The detail is as under:

(Rupees in million)

Sr. No.	Name of DDOs	Cost of Non-Schedule Items
1	District Officer (Buildings), Faisalabad	9.465
2	District Officer (Roads), Faisalabad	2.864
<b>Total</b>		<b>12.329</b>

Audit is of the view that due to weak management, non-standardized items were executed and paid without preparation and approval of analysis of rates

Execution of non-standardized items without preparation and approval of analysis of rates resulted in irregular payment of Rs 12.329 million.

The matter was reported to the PAO and DDOs concerned in August, 2017. It was replied that payment of non-standardized items was made according to technically sanctioned estimates. The reply was not tenable because payment was made without approval of analysis of rates. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Paras: 18, 10, 7]

#### **1.2.2.11 Substandard execution of civil work – Rs 9.695 million**

According to Condition 4 of the revised Technical Sanction issued by Executive District Officer (W&S), Faisalabad vide letter No.W&S/4186 dated 14.11.2016 read with Clause 10 of the Contract Agreement, proper design of RCC and other structure shall be prepared, work shall be executed and payment shall be made according to economical, durable and stable design/specifications. Further, according to Government of the Punjab, Communication & Works (C&W)

Department letter No.PA/SECY(C&W)26.05/2009 dated 25.05.2009, the bitumen to be used should be tested from the RR&MTI to ensure that it meets the AASHTO Standards. Furthermore, according to Government of the Punjab, C&W Department letter No.PA/Secy.(C&W)26-5/2009 dated 25.05.2009, Job Mix Formula (JMF) must invariably be approved from RR&MTI. After its approval, it must be strictly followed at site and no deviation be allowed under any circumstances.

District Officer (Roads), Faisalabad awarded civil work for widening/improvement of road from Chenab Chowk to Lakar Mandi, Faisalabad to a contractor in February, 2016 and incurred expenditure of Rs 14.945 million upto December, 2016. Contrary to above provisions, work was executed and payment was made without preparation/approval of JMF, testing of bitumen from RR&MTI, approval of design of RCC etc. which resulted in execution of sub-standard work costing Rs 9.695 million because physical verification of the site depicted uneven and bumpy surface of newly constructed/widened portion of road. Further, RCC work carried out on jersey barriers was not according to specifications and looked like that it was not carried out in workman like manner.

Audit is of the view that due to non-compliance of the Government instructions and lack of monitoring mechanism, sub-standard work was executed.

Execution of sub-standard work resulted in wastage of public funds amounting to Rs 9.695 million.

The matter was reported to the PAO and DDO concerned in August, 2017. It was replied that samples had been taken by RR&MTI and necessary action would be taken accordingly. Audit stressed for action at the earliest. Neither, annotated reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides rectification of sub-standard work according to approved specifications.

[AIR Para: 34]

#### **1.2.2.12 Excess expenditure against the provisions of technically sanctioned estimate – Rs 8.480 million**

According to Government of the Punjab, Finance Department letter No.RO(TECH)FD.1-2/83-VI dated 29.03.2005, bill of quantities to be attached with the tender documents should be based upon the detailed technically sanctioned estimates. During the execution of work, neither the specifications and quantity of different items approved in the technically sanctioned estimates be changed nor any additional item(s) standardized/non-standardized be approved/ executed without prior approval of such change/addition by the authority who has issued technical sanction. Further, according to Para 1.59 of B&R Department Code read with Condition 9 of the Acceptance Letter of the work, provision in the technically sanctioned estimate should be adhered to during execution of work. Divisional Officers are strictly prohibited from commencing the construction of any works without the sanction of the Competent Authority; also from making or permitting any material deviations from any sanctioned design in the course of execution without specific authority.

District Officer (Buildings), Faisalabad executed work for construction of parking plaza cum shopping mall at Old Mayor House, Faisalabad during 2015-17. The technically sanctioned estimate included a standardized item i.e. providing and casting in situ bored reinforced concrete piles (nominal mix 1:2:4), using 10% extra cement in dry mix and coarse sand @ Rs 1796.65 per running feet (rft). However, District Officer (Buildings) awarded the work by substituting the said standardized item with non-standardized item by changing the specifications of the item i.e. providing and casting in situ bored reinforced concrete piles (nominal mix 1:1-1/2:3), using 10% extra cement in dry mix and coarse sand @

Rs 2,822 per rft. Contrary to the above instructions, alteration in provisions of technically sanctioned estimate was made without prior approval of the Competent Authority which resulted in excess expenditure of Rs 8.480 million. The detail is as under:

(Rupees in million)

Approved/MRS Rate	Rate of Award/Paid	Excess Rate	Quantity Executed (Rft)	Amount
1,796.65	2,822.00	1,025.35	8,270.66	8.480

Audit is of the view that due to weak financial management, work was awarded and executed by violating the provisions of technically sanctioned estimate.

Award/execution of work in violation of technically sanctioned estimate resulted in excess expenditure of Rs 8.480 million.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 8.480 million from the concerned.

[AIR Para: 19]

### **1.2.2.13 Less deduction of Income Tax – Rs 8.392 million**

According to Section 153(1)(c) of the Income Tax Ordinance, 2001, Income Tax shall be deducted from claims of the contractors @ 7.5% of the gross amount payable, if the person is a filer and @ 10% if the person is non-filer.

District Officer (Buildings), Faisalabad made payments of Rs 321.277 million to 142 contractors during 2016-17 for execution of contracts of civil works. However, Income Tax @ 7.5 percent (applicable to filer contractors) was deducted instead of 10 percent which resulted in less deduction of Income Tax amounting to

Rs 8.392 million. No documentary evidence regarding filer or non-filer status of payees was forthcoming from the record.

Audit is of the view that due to weak financial controls, Income Tax was less deducted from claims of the contractors.

Less deduction of Income Tax resulted in excess payment of Rs 8.392 million to the contractors.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends recovery of Income Tax amounting to Rs 8.392 million from the concerned.

[AIR Para: 10]

#### **1.2.2.14 Excess payment beyond the provisions of estimates – Rs 7.836 million**

According to Conditions 5 and 9 of Acceptance Letters of the works, the quantities mentioned in the letter shall not be increased without approval of Competent Authority. Provision in the detailed technically sanctioned estimate should be adhered to during execution of work. Provisions of the quantities of items of work may not be altered without approval of the Competent Authority. Further, according to Para 1.59 of the West Pakistan Buildings and Roads Department Code, Divisional Officers are strictly prohibited from commencing the construction of any works or expending public funds without the sanction of Competent Authority; also from making or permitting any material deviations from any sanctioned design in the course of execution without specific authority.

District Officer (Roads) and District Officer (Buildings), Faisalabad executed six civil works for dualization/repair/improvement of roads and construction of buildings costing Rs 179.730 million during 2015-17. However,

payment of Rs 7.836 million was made to the contractors for execution of such items which were either not provided in technically sanctioned estimates or executed beyond the provisions of estimates. The detail is as under:

(Rupees in million)

Sr. No.	Name of Work	Agreement Cost	Excess Payment
1	Dualization of road from Iqbal Chowk to Narwala Road Ghulam Muhammad Abad	32.754	4.120
2	Repair/Maintenance of road along Sarwala Rajbah from Chenone Chowk to Talianwala Tall	15.624	2.363
3	Construction of squash court international standard at Al-fetah Ground, Faisalabad	18.073	0.220
4	Laying of synthetic athletics track at Shahbaz Sahrif Park Fardous Colony, Faisalabad	94.331	0.214
5	Construction of youth hostel at Shehbaz Sharif Park Ground, Faisalabad	8.176	0.371
6	Repair/improvement of Rajana Road Chak No. 217/GB via Chak No. 475/GB	10.772	0.548
<b>Total</b>		<b>179.730</b>	<b>7.836</b>

Audit is of the view that due to weak financial management, items were executed beyond the provisions of technically sanctioned estimates.

Execution of items beyond the provisions of estimates resulted in excess payment of Rs 7.836 million to the contractors.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that revised technical sanctions of estimates had been accorded and works were executed according to revised estimates. The reply was not tenable because no documentary evidence was provided to Audit in support of reply. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Paras: 13, 24, 23, 5]



### **1.2.2.15 Non-credit of lapsed security deposits into the Government Treasury – Rs 5.873 million**

According to Rule 12.7 of the Punjab Financial Rules, Volume-I read with Article 127 of the Account Code, Volume-II, all balances, unclaimed for more than three complete account years will, at the close of June in each year, be credited to the Government by means of transfer entries in the Accountant General's office.

Contrary to the above, District Officer (Buildings) Faisalabad did not credit the security deposits amounting to Rs 5.873 million to the Government Treasury even after lapse of more than three years.

Audit is of the view that due to weak internal and financial controls, lapsed security deposits were not credited to the Government Treasury.

Non-credit of lapsed deposits of Rs 5.873 million as Government revenue resulted in violation of rules besides non-realization of revenue.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends credit of lapsed security deposits into the Government Treasury at the earliest.

[AIR Para: 14]

### **1.2.2.16 Non-recovery of penalty for late supply of goods – Rs 4.844 million**

According to Condition 34 of the Contract Agreement for the procurement of different items for Citizen Facilitation and Service Center (CFSC), Faisalabad, if contractor fails/delays in performance of any of the obligations or violates/commit breach of any of the terms and conditions of the Contract, the purchaser may impose penalty or deduct liquidated damages @ 0.25 percent of the

contract amount for every day of the non-compliance subject to maximum of 50 per cent of the contract price.

District Officer (Planning), Faisalabad issued supply orders amounting to Rs 29.084 million to different firms/suppliers for purchase of machinery, equipment and furniture during 2015-16 with delivery period of four to six weeks. However, the suppliers could not supply the goods within stipulated time and the DDO did not recover liquidated damages amounting to Rs 4.844 million @ 0.25% for each day of delay in supply of goods.

Audit is of the view that due to weak financial controls, liquidated damages were not recovered from the suppliers.

Non-recovery of liquidated damages amounting to Rs 4.844 million resulted in overpayment to suppliers.

The matter was reported to the PAO and DDO concerned in July, 2017. In DAC meeting held in August, 2017, it was replied that building of the CFSC was under construction so the suppliers were requested to hold their supplies. The reply was not tenable because construction work was completed in June, 2016 as depicted in a letter dated 09.07.2016 issued by the District Officer (Planning), Faisalabad. DAC directed ADC (F&P) to recover liquidated damages from the concerned and report progress to Audit. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of liquidated damages amounting to Rs 4.844 million from the concerned.

[AIR Para: 3]

#### **1.2.2.17 Non-deduction/collection of taxes – Rs 3.174 million**

According to Section 153(1)(a) of the Income Tax Ordinance, 2001, Income Tax shall be deducted from claims of the suppliers @ 4.5% of the gross

amount payable, if the person is a filer and @ 6.5% if the person is non-filer. Further, according to Section 1.3 and Para (ii) of the Sales Tax, Special Procedure (Withholding) Rules, 2007, the withholding agent shall have to deduct General Sales Tax (GST) at full rate i.e. 19% of the value of taxable supplies in case of purchases from un-registered persons. Furthermore, according to Rule 5 read with Sub-Rule (2) of Rule 1 of the Punjab Sales Tax on Services (Withholding) Rules, 2012, a withholding agent shall, on receipt of taxable services from an unregistered service provider, deduct Sales Tax @ 16% of the value of taxable services provided to him.

Two DDOs of City District Government, Faisalabad made payments to different suppliers / service providers and auctioned the collection rights of different sources of income during 2011-17. However, Income Tax amounting to Rs 1.819 million was not deducted/collected from suppliers/contractors and Punjab Sales Tax on Services amounting to Rs 1.220 million and General Sales Tax amounting to Rs 0.135 million were not deducted from claims of the service providers / unregistered suppliers which resulted in non-deduction/collection of taxes amounting to Rs 3.174 million. The detail is as under:

(Rupees in million)

Sr. No.	DDOs	Income Tax	Sales Tax on Services	General Sales Tax	Amount
1	District Coordination Officer, Faisalabad	0.030	1.196	0.135	1.361
2	Zila Council, Faisalabad	1.789	0.024	-	1.813
	<b>Total</b>	<b>1.819</b>	<b>1.220</b>	<b>0.135</b>	<b>3.174</b>

Audit is of the view that due to weak financial controls, Income Tax, General Sales Tax and Sales Tax on Services were not deducted/collected from claims of the payees/contractors.

Non-deduction/collection of taxes resulted in loss of Rs 3.174 million to public exchequer.

The matter was reported to the PAO and DDOs concerned in July and August, 2017. In DAC meetings held in August, 2017, it was replied that

expenditure on CCTV cameras, walkthrough gates etc. was incurred during emergency of Muharam-ul-Haram and expenditure on lunch/meal was incurred to meet day to day requirements of office through Chenab Club (G) Ltd Faisalabad in the best public interest. The reply was not tenable because the said justifications did not provide tax exemptions. DAC directed DDOs concerned to recover amount of taxes at the earliest and report progress to Audit. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of taxes amounting to Rs 3.174 million from the concerned.

[AIR Paras: 1, 1, 4, 6]

#### **1.2.2.18 Irregular expenditure on development works – Rs 3.095 million**

According to Government of Pakistan, Cabinet Division (Development Wing) letter No.7(1)/DD(Dev)/14-15 dated 15.01.2015, following criteria was provided for selection/ execution of schemes under Pak Millennium Development Goals ( Pak MDGs) Community Development Programme:

- i. At least fifteen residents of an area or civil society organization shall make a request on the prescribed proforma for intervention; and
- ii. Physical work shall be completed within same financial year in which funds were provided and within the approved cost.

District Officer (Roads), Faisalabad awarded civil work for construction of road from Sarwala Rajbah (Adda Chak No. 43/JB) to Darbar Shareef balance portion at a cost of Rs 5.483 million under Pak MDGs Community Development Programme and incurred expenditure of Rs 3.095 million upto December, 2016. However, expenditure stood irregular due to the following discrepancies:

- i. Record regarding identification of schemes by residents of area or civil society organization on the prescribed proforma was not available; and

- ii. Scheme was not completed within same financial year in which funds were provided because the work was awarded in May, 2016 with completion period of two months which depicted that work was not awarded well in time and completion was delayed due to allowing the date of completion beyond the financial year.

Audit is of the view that due to poor planning, work was awarded and executed without observing the prescribed criteria.

Non-compliance of prescribed criteria resulted in irregular expenditure amounting to Rs 3.095 million and non-completion of scheme.

The matter was reported to the PAO and DDO concerned in August, 2017. It was replied that scheme was identified and executed after fulfilling the prescribed criteria. The reply was not tenable because the prescribed criteria was not complied with besides delayed execution of scheme. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 31]

#### **1.2.2.19 Excess payment due to utilization of local sand – Rs 2.941 million**

According to Chapter 6 (Concrete) sub-head 6 and Detailed Remarks 4 of Market Rate System (MRS) for Faisalabad District, composite rate of Reinforced Cement Concrete (RCC) shall be reduced by Rs 12.00 per cubic feet (cft) for use of local sand.

District Officer (Buildings) and District Officer (Roads), Faisalabad executed 76 works for construction, repair and improvement of buildings and roads in Faisalabad during 2016-17. The payment of RCC items was made to the

contractors on MRS rates inclusive of harrow sand without any documentary evidence. Contrary to the above provision, deduction for use of local sand was not made at the time of payment which resulted in excess payment of Rs 2.941 million to the contractors.

Audit is of the view that due to weak management and lack of due diligence, rates of RCC were not reduced for use of local sand.

Non-reduction of rates for use local sand resulted in excess payment of Rs 2.941 million to the contractors.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that works were executed by using Chenab sand. The reply was not tenable because payment was made on the rates applicable for use of harrow sand and no evidence regarding use of Chenab sand was provided in support of reply. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends recovery of excess paid amount of Rs 2.941 million from the concerned

[AIR Paras: 3, 22]

#### **1.2.2.20 Unauthorized expenditure on Provincial buildings – Rs 2.872 million**

According to Rule 3(2) of the Punjab District Government Rules of Business, 2001 read with Serial No. 12(ii)(g) and (h) of Schedule II of the rules ibid (now repealed), business allocated to the District Works & Services Department includes construction, maintenance/repairs, water supply and sanitary works pertaining to the Government buildings (except provincial assets), construction, maintenance, repairs and improvement of roads, bridges, culverts, causeways etc. under control of the District. Further, according to Section 109(2) and (3) of the Punjab Local Government Ordinance, 2001 (now repealed), a Local Government

may transfer approved budgeted amounts to any Local Government, Village Council or Neighborhood Council or Citizen Community Board, within its local area. No Local Government shall transfer monies to a higher level of Government except by way of repayment of debts.

District Officer (Buildings) and District Officer (Roads), Faisalabad incurred expenditure of Rs 2.872 million for execution of two civil works during 2015-17. Contrary to the above, expenditure was incurred on the buildings of Provincial Government. The detail is as under:

(Rupees in million)

<b>Sr. No.</b>	<b>Name of Works</b>	<b>Amount</b>
1	Preservation and restoration of District Courts, Faisalabad	1.300
2	Providing/fixing tuff tile at District Courts adjacent to CPO Office, Faisalabad	1.572
<b>Total</b>		<b>2.872</b>

Audit is of the view that due to weak management, expenditure was incurred beyond the ambit of City District Government.

Execution of works beyond the ambit resulted in unauthorized expenditure amounting to Rs 2.872 million.

The matter was reported to the PAO and DDOs concerned in August, 2017. Executive Engineer Road Construction Division, Faisalabad replied that scheme was executed after approval of the Competent Authority. The reply was not tenable because work was executed on Provincial buildings. Neither, annotated replies were submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 22, 27]

### 1.2.2.21 Non-recovery of price variation from the contractors – Rs 2.671 million

According to Government of the Punjab, Finance Department letter No.RO(Tech)F.1-2/83-VI(P) dated 11.01.2007, where any variation (increase or decrease), to the extent of 5 percent or more, in the price of bitumen and diesel (among other items) takes place after the acceptance of tender and before the completion of contract, the amount payable under the contract shall be adjustable to the extent of actual variation in the cost of the item concerned.

District Officer (Roads), Faisalabad awarded two works for widening/improvement of roads in Faisalabad in October, 2015 and February, 2016. The contractors executed the works from April, 2016 to December, 2016. However, during execution of works, there was more than 5 percent decrease in prices of bitumen and diesel as per monthly price variation notifications issued by Government of the Punjab, Finance Department. Contrary to the above, District Officer (Roads) did not recover/adjust price variation amounting to Rs 2.671 million in the bills of contractors. The detail is as under:

(Rupees in million)

Sr. No.	Name of Scheme	Work Order No. & Date	Tender Date	Amount
1	Widening/improvement of road from Samundari Okara Road to Chak No.471/GB Wahaga Border Shaheed Road	6078-79 dated 26.10.2015	27.08.2015	1.698
2	Widening/improvement of road from Chenab Chowk to Lakar Mandi, Faisalabad	1085 dated 27.02.2016	24.06.2015	0.973
<b>Total</b>				<b>2.671</b>

Audit is of the view that due to weak financial controls and lack of due diligence, recovery/adjustment of price variation was not made in the bills of contractors.

Non-recovery/adjustment of price variation resulted in excess payment of Rs 2.671 million to the contractors.



The matter was reported to the PAO and DDOs concerned in August, 2017. It was replied that necessary adjustment would be made. Audit stressed for recovery at the earliest. Neither, annotated reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of overpaid amount of Rs 2.671 million from the concerned.

[AIR Para: 23]

#### **1.2.2.22 Execution of works without tendering – Rs 2.608 million**

According to Rules 9 and 12 of the Punjab Procurement Rules, 2014, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned and shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations.

District Officer (Buildings), Faisalabad got executed 52 works costing Rs 2.608 million during 2016-17 through quotations by splitting and keeping the cost of each quotation below the financial limit of Rs 50,000 to avoid the open tendering. **(Annexure-D)**

Audit is of the view that due to weak management and financial indiscipline, procurements were made without open competition.

Procurements without open competition resulted in irregular/ uneconomical expenditure amounting to Rs 2.608 million.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 33]

### **1.2.2.23 Non/less-recovery of cost of old material – Rs 1.007 million**

According to Para 18.1(9)(i), Chapter 18 of the Specifications for Execution of Work, the cost of old dismantled material retrieved during execution of work would be recovered from the contractor. Further, according to Acceptance Letters of works, recovery on account of cost of old material would be made from the contractors.

District Officer (Roads), Faisalabad executed two civil works during 2016-17. Technically sanctioned estimates and execution of works included the cost of dismantling of old structure/material. Contrary to the above, the District Officer (Roads) did not recover the cost of old material on account of old steel amounting to Rs 1.007 million from the contractors. The detail is as under:

(Rupees in million)

<b>Sr. No.</b>	<b>Name of Works</b>	<b>Amount</b>
1	Repair/improvement of road from Chenab Chowk to Airport, Faisalabad (jersey barriers, cold milling, painting)	0.884
2	Widening/improvement of road from Chenab Chowk to Lakar Mandi, Faisalabad	0.123
	<b>Total</b>	<b>1.007</b>

Audit is of the view that due to weak monitoring and financial controls, cost of dismantled material was not recovered.

Non-recovery of cost of old material resulted in excess payment of Rs 1.007 million to the contractors.

The matter was reported to the PAO and DDO concerned in August, 2017. It was replied that necessary action would be taken for recovery of cost of old

material. Neither, annotated reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 1.007 million from the concerned.

[AIR Para: 17]

### 1.2.3 Performance

#### 1.2.3.1 Non-rendering of vouched accounts by different executing agencies – Rs 246.760 million

According to Rule 4(2) of the Punjab Local Governments (Accounts) Rules 2008, Principal Accounting Officer shall be responsible for all transactions relating to the District Fund/Local Fund and for the maintenance of accounts correctly and in accordance with the provisions of the Ordinance and the rules made thereunder. Further, according to Rule 3(2) of rules ibid, accounts of the receipts and expenditure of Local Government shall be kept in such form and in accordance with such principles and methods as the Auditor General of Pakistan has prescribed in the Manual or NAM.

Executive District Officer (F&P), Faisalabad transferred funds amounting to Rs 246.760 million to different executing agencies other than the Local Government during 2016-17 for execution of various civil works and management of Basic Health Units of health department, Faisalabad. The said agencies incurred expenditure of Rs 209.560 million. Contrary to the above rules, the executing agencies did not submit the vouched accounts pertaining to the expenditure incurred. Further, record of remaining funds amounting to Rs 37.200 million was also not available. The detail is as under:

(Rupees in million)

Executing Agency	Cost Center	Releases	Actual Expenditure
Executive Engineer LG&CD	FS6230 - XEN LG & CD	99.454	62.254
Executive Engineer PHE (Deposit Work)	FS6244 - XEN PHE (Deposit Work)	2.849	2.849
Punjab Rural Support Programme	FD6895 District Support Manager PRSP (Dispenser)	37.593	37.593
	FD6894 District Support Manager PRSP (BHU)	106.864	106.864
<b>Total</b>		<b>246.760</b>	<b>209.560</b>

Source: The amount was derived from FI Data retrieved from SAP/R3 for the FY 2016-17

Audit is of the view that due to weak financial controls, vouched accounts were not submitted by the executing agencies.

Non-submission of vouched accounts resulted in irregular utilization of funds amounting to Rs 246.760 million.

The matter was reported to the PAO and DDO concerned in July, 2017. In DAC meeting held in August, 2017, it was replied that the vouched accounts would be obtained from the executing agencies. Audit stressed to produce record for verification. DAC directed ADC (F&P) to produce vouched accounts of the agencies concerned to Audit. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides production of vouched accounts at the earliest.

[AIR Paras: 7, 8]

### **1.2.3.2 Non-recovery of compensation from the contractors – Rs 26.577 million**

According to Para 11 of the Acceptance Letters issued by District Officer (Buildings), Faisalabad, the contractors were required to submit work schedule for carrying out the works within seven days of issuance of work orders. Further, according to Clause 8(4) of the Contract Agreement, in the event of non-submission of the program or revised amended program of work by the contractor, the contractor shall be liable to pay as compensation an amount, equal to 0.25 percent per day or such smaller amount as the Engineer-in-Charge may decide on the total tendered amount of the work, subject to maximum of two percent of the contract amount.

District Officer (Buildings), Faisalabad awarded six works for construction, re-construction of buildings and laying of synthetic athletic track costing Rs 1,328.850 million to different contractors during 2015-16. Contrary to

the above conditions, the contractors did not submit work schedules/programs of work within stipulated period and physical progress of works remained very slow. However, District Officer (Buildings) did not recover compensation of Rs 26.577 million @ two percent of contract amount from the contractors for non-submission of work schedules. The detail is as under:

(Rupees in million)

Sr. No.	Name of Work	Work Order No. & Date	Work Order Amount	Amount of Compensation
1	Reconstruction of 14-dangerous class rooms with veranda at M.C. Girls High School, Haji Abad	719 dated 28.01.2016	12.674	0.253
2	Construction of boundary wall with gate and gate pillars at Govt. Boys High School Chak No.58/RB	1833 dated 07.03.2016	11.155	0.223
3	Establishment of facilitation and service center at Faisalabad	5917 dated 10.08.2015	61.085	1.222
4	Construction of parking plaza cum shopping mall at old Mayor House, Faisalabad	8330 dated 20.11.2015	1,155.622	23.112
5	Laying of synthetic track at Shahbaz Sharif Park, Fardous Colony, Faisalabad	717 dated 28.01.2016	82.037	1.641
6	Reconstruction of Building and toilet block at Govt. Girls Higher Secondary School Chak No.94/GB	8743 dated 31.11.2015	6.277	0.126
<b>Total</b>			<b>1,328.850</b>	<b>26.577</b>

Audit is of the view that due to weak management and lack of vigilance, work schedules/programs were not submitted by the contractors.

Non-submission of work schedules and non-recovery of compensation amounting to Rs 26.577 million resulted in violation of contractual provisions besides delay in completion of works.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 26.577 million from the concerned.

[AIR Para: 7]

### 1.2.3.3 Infructuous payment to NESPAK on account of consultancy charges – Rs 2.699 million

According to Rule 64(2) of the Punjab District Government and Tehsil Municipal Administration (Budget) Rules, 2003, appropriation of funds for the purpose and sanction of an authority competent to sanction the expenditure is necessary before public money can be spent.

District Officer (Roads), Faisalabad made payment of consultancy charges amounting to Rs 2.699 million to M/s NESPAK (Pvt.) Limited for provision of consultancy services under Faisalabad Roads Rehabilitation Project (Phase-III) for the period from June, 2015 to October, 2016. However, final bills of the contractor and letters for grant of time extension depicted that the schemes had already been completed during the period from July, 2012 to February, 2013. Therefore, infructuous payment of consultancy charges after completion of schemes was made by the District Officer (Roads). The detail is as under:

(Rupees in million)

Sr. No.	Name of Work	Work Order No./ Date	Date of Completion	Date of Submission of Final Bill	Period of Consultancy Charges	Amount
1	Rehabilitation/dualization of Quaid-e-Azam Road Tandlianwala (Opposite General Bus Stand) from Tanlianwala Main Chowk to Bus Stand Phase-I	5238/CB/23.11.2011	31.08.2012	29.03.2016	August, 2015	0.444
2	Rehabilitation of Bhawana Road inside Pensra Town	1406/CB/14.04.2012	28.02.2014	17.02.2016	November, 2015	0.444
3	Rehabilitation of remaining portion Quaid-e-Azam Road Tandlianwala	438/CB/22.01.2013	15.02.2014	07.06.2016	December, 2015	0.443
4	Construction of road from Jhumra Road Dry Port to Paharang Drain via Ghona	1989/CB/16.03.2011	15.06.2011	-	June, 2015	0.475

Sr. No.	Name of Work	Work Order No./ Date	Date of Completion	Date of Submission of Final Bill	Period of Consultancy Charges	Amount
5	Improvement of road from Ideal Sweets Jinnah Colony to Jhang Bazar	4213/CB/10.09.2011	31.07.2012	17.02.2016	July, 2015	0.444
6	Improvement/ dualization of road in Satiana Town	4227/CB/10.09.2011	28.02.2013	14.03.2016	October, 2015	0.444
7	Telephone charges	-	-	-	July to August, 2016	0.002
8	Telephone charges	-	-	-	October, 2016	0.003
<b>Total</b>						<b>2.699</b>

Audit is of the view that due to negligence and financial indiscipline, expenditure was incurred without proper authority and requirement.

Expenditure without proper authority and requirement resulted in infructuous payment of Rs 2.699 million.

The matter was reported to the PAO and DDO concerned in August, 2017. It was replied that payment was made under the agreement signed by the City District Government Faisalabad for closure of project. The reply was not tenable because payment of consultancy charges for the period beyond actual completion was unjustified. Neither, any reply was submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 2.699 million from the concerned.

[AIR Para: 29]

#### **1.2.3.4 Loss due to non-auction of Government property – Rs 2.555 million**

According to Rule 4 of the Local Governments (Property) Rules, 2003, the Manager shall be responsible to take as much care of the property entrusted to him as a man of ordinary prudence would take of his own property of like nature; administer the property as a trust used to the maximum benefit of the public; ensure



that the rented property fetches the maximum rent and shall be responsible to the Local Government for any loss, destruction or deterioration of the property, if such a loss, destruction or deterioration occurs as a result of his default or negligence in discharge of his responsibility.

Authorities of City District Government, Faisalabad did not auction 15 properties comprising of 12 pieces of cultivated land and 3 goodowns during 2011-12 to 2016-17 which resulted in loss of Rs 2.555 million. Further, these properties were also not accounted for in demand and collection register. **(Annexure-E)**

Audit is of the view that due to weak management and lack of due diligence, properties were not auctioned to fetch revenue to the Government.

Non-auction of properties resulted in non-realization of revenue amounting to Rs 2.555 million and loss to the Government.

The matter was reported to the PAO and DDO concerned in August, 2017. DAC meeting was held in August, 2017 but DDO did not submit reply. DAC expressed serious concern and directed to investigate the matter regarding non-auction of the Government properties. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of loss from the concerned.

[AIR Para: 2]

#### **1.2.3.5 Uneconomical expenditure on hiring of CCTV cameras – Rs 1.525 million**

According to Rule 4 of the Punjab Procurement Rules, 2014, a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical.

District Officer (Civil Defense), working under the administrative control of District Coordination Officer, Faisalabad incurred expenditure of Rs 6.350 million on hiring of equipment including CCTV cameras and allied installation material for security arrangements of Moharram-ul-Haram during 2016-17. Comparative analysis of cost of hiring of CCTV cameras including allied accessories and procurement thereof depicted that total procurement cost of the said items was Rs 4.825 million but expenditure of Rs 6.350 million was incurred on their hiring which resulted in excess expenditure of Rs 1.525 million. Further, procurement of equipment on permanent basis could save recurring cost of hiring of material for such events in future. The detail is as under:

(Rupees in million)			
Description	Hiring Cost of Equipment	Cost of Procurement of Equipment	Excess Expenditure
Moharram-ul-Haram	6.350	4.825	1.525

Audit is of the view that due to weak managerial controls, excess expenditure was incurred on hiring of CCTV cameras in comparison to procurement.

Excess expenditure on hiring of CCTV cameras resulted in loss of Rs 1.525 million to the public exchequer besides non-saving of recurring cost.

The matter was reported to the PAO and DDO concerned in July, 2017. In DAC meeting held in August, 2017, it was replied that equipment was hired in emergency after observing all codal formalities. The reply was not tenable because no evidence regarding observance of codal formalities was produced in support of reply and procurements were made in uneconomical manner. DAC directed to produce record of bidding process at the earliest for verification. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 2]

## **1.2.4 Internal Control Weaknesses**

### **1.2.4.1 Irregular expenditure on repair/maintenance of the Government buildings – Rs 25.640 million**

According to Paras 2.50 & 2.51 of the West Pakistan Buildings and Roads Department (B&R) Code, a Standard Measurement Book should be kept in the office of each Divisional Officer, showing the detailed measurements of each kind of work. Annual and periodical repairs of buildings should be provided for as a percentage on the capital cost of the building on which the standard rent is based, which will be held to include provision for all ordinary repairs likely to be needed every year. Special repairs should be provided for by special estimates prepared when necessary. Further, according to Para 2.41 of the Code *ibid*, repairs are ordinarily of three different kinds i.e. those which as a matter of routine are carried out every year, those which are not done every year but are due after four years and such occasional/special repairs as become necessary from time to time which may have to be carried out between times of periodical repairs like renewal of roof, renewal of door etc.

District Officer (Buildings), Faisalabad incurred expenditure of Rs 25.640 million on ordinary and special repair/improvement of the Government buildings during 2016-17. Contrary to the above, the works were executed and payments were made without:

1. Maintenance of Standard Measurement Books, describing plinth area and capital cost of each building;
2. Inventory register to show key installed items etc. in each building;
3. Keeping the complete record regarding history of previous repairs of each building;
4. Obtaining certificates regarding satisfactory completion thereof;
5. Getting the estimates technically sanctioned in most of the cases; and

6. Preparation of utilization plan, based on prescribed yardstick, for maintenance and repair (M&R) budget.

Further, authenticity of expenditure could not be ascertained due to non-maintenance of relevant record i.e. planned life of the executed works and actual requirement of repair with reference to previous maintenance and repair of the buildings.

Audit is of the view that due to weak internal controls and poor monitoring mechanism, expenditure was incurred without maintaining proper record.

Execution of works amounting to Rs 25.640 million without keeping proper record resulted in irregular expenditure.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 26, 31, 32, 34]

#### **1.2.4.2 Utilization of bricks without ensuring standard specifications and testing – Rs 23.759 million**

According to the Composite Schedule Rates (CSR)-1964, standard crushing strength for 1<sup>st</sup> class bricks is 2,000 pounds per square inch (PSI). Further, according to Superintending Engineer, Provincial Buildings Circle, Faisalabad letter No.1848-49 dated 20.06.2015, the brick kiln owners mix the 1st class bricks with inferior quality bricks and supply the same to contractors who accept the same being in their benefit. Therefore, quality of bricks be got tested to ensure specified crushing strength of 2,000 PSI.

District Officer (Buildings), Faisalabad executed 24 civil works for construction of buildings during 2015-17. Bricks costing Rs 23.759 million were

used in these works but no methodology was adopted to measure strength, standard and specification of the bricks utilized. Therefore, in the absence of proper testing of bricks at the time of execution, the authenticity of utilization of 1st class bricks could not be proved. **(Annexure-F)**

Audit is of the view that due to negligence and ineffective monitoring, works were executed without observing specifications and testing of bricks.

Utilization of bricks costing Rs 23.759 million without ensuring required strength, quality and standard of bricks resulted in execution of sub-standard works.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 8]

#### **1.2.4.3 Irregular expenditure on works against defective agreements – Rs 23.316 million**

According to Rule 63(b) of the Punjab Procurement Rules, 2014, a procurement contract shall come into force from the date on which the signatures of both the procuring agency and the successful bidder are affixed to the written contract and such affixing of signatures shall take place within a reasonable time. Further, according to Clause 6 of the Contract Agreement, the contractor shall enter into and execute a Contract Agreement on a form as per specimen provided in the contract form for execution of work.

District Officer (Buildings), Faisalabad executed four civil works during 2016-17 and made payments amounting to Rs 23.316 million to contractors. Contrary to the above, defective agreements having following discrepancies were executed with the contractors:

- i. Agreements were executed without adopting prescribed format;
- ii. Stamp papers, for execution of agreements, were purchased / issued after the stipulated date of agreement / completion of the works; and
- iii. Agreements were executed without mentioning the date of agreement on the face of stamp papers.

The detail is as under:

(Rupees in million)

Sr. No.	Name of Work	Acceptance Letter No./ Date	Stipulated Completion Date	Stamp Papers Issuance Date	Amount
1	Construction of boundary wall at Government Boys High School Chak No. 388/GB	816/ 01.02.2016	30.06.2016	28.09.2016	4.393
2	Construction of Industrial School at Chak No. 542/GB	8762/ 17.12.2014	16.02.2015	08.09.2016	7.456
3	Re-construction of building & boundary wall at Government Girls Elementary School Chak No. 98/GB	8970/ 07.12.2015	06.05.2016	18.11.2016	5.659
4	Reconstruction/construction of boundary wall and toilet block at Govt. Boys High School Chak No. 34/GB	15/ 02.01.2016	01.07.2016	07.09.2016	5.808
<b>Total Amount</b>					<b>23.316</b>

Audit is of the view that due to weak monitoring and inefficient management, defective agreements were executed.

Execution of works against defective agreements resulted in irregular payment of Rs 23.316 million to the contractors.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 6]

#### 1.2.4.4 Irregular transfer of funds to PHA and FESCO – Rs 14.346 million

According to Rule 4(2) of the Punjab Local Governments (Accounts) Rules, 2008, Principal Accounting Officer shall be responsible for all transactions relating to the District Fund/Local Fund and for the maintenance of the accounts correctly and in accordance with the provisions of the Ordinance and the rules made thereunder. Further, according to Rule 3(2) of the rules *ibid*, accounts of the receipts and expenditure of Local Government shall be kept in such form and in accordance with such principles and methods as the Auditor General of Pakistan has prescribed in the Manual or NAM.

District Officer (Buildings) and District Officer (Roads), Faisalabad transferred funds/made payments amounting to Rs 14.346 million to Parks and Horticulture Authority (PHA), Faisalabad and Faisalabad Electric Supply Company (FESCO) during 2016-17 for tree plantation at various sites, installation of electric meters, shifting of WAPDA poles and payments for unknown purposes. The detail is as under:

(Rupees in million)

Sr. No.	DDOs	Name of Scheme / Work	Executing Agencies	Date	Amount
1	District Officer (Buildings), Faisalabad	Laying of synthetic athletics track at Shahbaz Sharif Park, Fardous Colony, Faisalabad	PHA	October, 2016	0.857
2		Establishment of Boys Secondary School at Chak 469/GB		December, 2016	0.171
3		Establishment of Girls Higher Secondary School at Chak 469/GB			0.223
4	District Officer (Roads), Faisalabad	widening/construction of road at Chak No. 469/GB, Samundari			
5		Payment to FESCO	FESCO	August to December, 2016	12.711
<b>Total</b>					<b>14.346</b>

However, authenticity of transfer of funds and utilization thereof was best known to DDOs due to the following reasons:

- i. The executing agencies did not submit the vouched accounts pertaining to utilization of funds.
- ii. Certificates regarding actual workdone/completion of works and savings therefrom were not obtained.
- iii. Payment for shifting of WAPDA poles was made without submission of estimate, demand notice etc.
- iv. Funds for installation of new electric meters were drawn but no evidence regarding deposit of the same in bank and certificate of actual installation at site was forthcoming from the record.
- v. In many cases payments were made against consumer numbers without detailing the purpose of payment and acknowledgement of receipts.

Audit is of the view that due to weak financial management, funds were transferred in violation of rules and without keeping proper record.

Transfer of funds amounting to Rs 14.346 million without keeping proper record and non-obtaining of vouched accounts resulted in violation of rules.

The matter was reported to the PAO and DDOs concerned in August, 2017. Neither, any reply was submitted by the DDOs nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides production of vouched accounts alongwith complete relevant record for Audit scrutiny.

[AIR Paras: 24, 19, 28]

#### **1.2.4.5 Non-obtaining of Additional Performance Security – Rs 11.482 million**

According to Government of the Punjab, Finance Department notification No.RO(Tech)FD-1-2/83(VI)(P) dated 06.04.2005 read with notification of even number dated 24.01.2006, if total tender amount is less than 5% of the approved



estimated amount, the lowest bidder will have to deposit Additional Performance Security from the scheduled bank, ranging from 5% to the extent lowest quoted rate, within 15 days of issuance of notice or within expiry period of bid.

District Officer (Buildings), Faisalabad awarded contracts for execution of 16 works costing Rs 84.651 million during 2015-16 and 2016-17. These works were awarded to contractors @ 7% to 15% below the estimated cost. However, Additional Performance Security amounting to Rs 11.482 million was not obtained from the contractors in violation of the Government instructions. **(Annexure-G)**

Audit is of the view that due to weak management, Additional Performance Security was not obtained.

Non-obtaining of Additional Performance Security amounting to Rs 11.482 million resulted in violation of standing instructions of the Government.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of the matter from the Competent Authority.

[AIR Para: 17]

#### **1.2.4.6 Irregular execution of works without maintaining history – Rs 8.328 million**

According to Para 3.21 of the West Pakistan Buildings and Roads (B&R) Department Code, each Divisional Officer (in Buildings and Roads) will keep a register of all buildings in charge of the Department within his Division. In these registers, the value of the land comprised in a property will be shown separately from the value of the building or buildings thereon, the value of each separate structures being also shown separately. The registers will also show whether the building is to be maintained at the cost of Central, Provincial or Local Funds. Further, according to Faisalabad Development Authority Notification No.573-

90/DG/FDA-09 dated 04.06.2009, Parks and Horticulture Agency (PHA), Faisalabad shall perform all functions and exercise all powers of the Authority with regard to preservation of places of cultural and recreational importance, development of parks, green belts, playgrounds etc. or matters connected therewith.

District Officer (Buildings), Faisalabad incurred expenditure of Rs 8.328 million for execution of four civil works for improvement of squash court, construction of park, provision of air conditioners etc. during 2016-17. The detail is as under:

(Rupees in million)

<b>Sr. No.</b>	<b>Voucher No. &amp; Date</b>	<b>Name of Work</b>	<b>Amount</b>
1	49 dated 14.11.2016	Improvement of squash court at Al-Fateh Sports Complex, Saleemi Chowk, Faisalabad	1.600
2	84 dated 17.10.2016	Provision of Air Conditioners in Computer Lab of DCO office	4.105
3	74 dated 15.10.2016	Construction of park at Chak 188/RB, Chak Jhumra	0.782
4	168 dated 27.10.2016	Preservation/restoration of Sita Ram Mandir, Faisalabad	1.841
<b>Total</b>			<b>8.328</b>

However, expenditure was held irregular due to the following reasons:

- i. Register of buildings showing ownership, details regarding construction, previous repairs, due date of next repairs etc. was not forthcoming from the record;
- ii. Provision of computers in existing computer lab was shown either without construction of new building or whereabouts of old computers were not forthcoming from the record;
- iii. Expenditure was incurred on development of parks and preservation of religious places which did not fall in the ambit of City District Government; and

- iv. Record regarding Standard Measurement Books, plinth area and capital cost of each building alongwith inventory register to show key installed items in each building was not maintained.

Audit is of the view that due to weak monitoring mechanism, schemes were executed without ownership record and history.

Execution of schemes without ownership and maintaining previous record/history resulted in irregular expenditure amounting to Rs 8.328 million.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 21]

#### **1.2.4.7 Premature refund of security deposits – Rs 5.302 million**

According to Clause 50 of the Contract Agreement, the amount retained as security deposit shall not be refunded to the contractor before the expiry of six months in the case of original works valuing Rs 5.000 million and twelve months or even more, as may be determined by the Engineer-in- Charge with the prior approval of the Chief Engineer, in the case of works valuing above Rs 5.000 million, after the issue of the certificate of completion of the work.

District Officer (Buildings), Faisalabad refunded security deposits amounting to Rs 5.302 million to eight contractors before expiry of maintenance period or even before completion of the schemes. Final completion certificates indicating the rectification of defects (if any) were also not forthcoming from the record. The detail is given in the following table:

(Rupees in million)

Sr. No.	Name of Work	Work Order Amount	Completion Date/status	Due Date for Refund of Security	Date of Refund	Amount Refunded
1	Re-construction of 04 Class Rooms with Veranda and earth filling at Govt. Girls Elementary School Chak No.59/JB	6.234	30.06.2016	30.06.2017	29.12.2016	0.504
2	Re-construction of 11 Class Rooms with Veranda and Toilet Block at Govt. MC Girls High School, Chur Majra, G.M. Abad	14.492	WIP till 22.12.2016	21.12.2017	29.12.2016	0.826
3	Construction of boundary wall (2200-Rft) and toilet Block at Govt. Boys High School Chak No. 267/RB, Jalandhar	7.574	26.04.2016	26.04.2017	10.11.2016	0.503
4	Construction of boundary wall (2625-Rft) at Govt. Boys High School Chak No. 174/GB	7.254	WIP	31.12.2017	24.11.2016	1.246
5	Construction of boundary wall with Gate & Gate Pillar at GBHS 58/RB	11.155	05.04.2016	05.04.2017	26.12.2016	0.605
6	Construction of boundary wall at Govt. Girls High School 276/JB	6.248	03.04.2016	03.04.2017	29.12.2016	0.562
7	Up-gradation of Govt. Girls Primary School Chak No. 86/GB, Garala to Elementary level	5.720	10.05.2016	10.05.2017	13.12.2016	0.536
8	Re-construction of 03 Class Rooms with Veranda at Govt. Boys Primary School Chak No.75/JB, Sohal	5.397	04.04.2016	04.04.2017	21.12.2016	0.520
<b>Total</b>						<b>5.302</b>

Audit is of the view that due to weak management and financial indiscipline, security deposits were refunded before completion of schemes or expiry of maintenance period.

Premature refund of security deposits amounting to Rs 5.302 million resulted in violation of contractual provisions and unauthorized refund.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of the matter from the Competent Authority.

[AIR Para: 5]

#### **1.2.4.8 Irregular expenditure in violation of procurement rules – Rs 4.478 million**

According to Rules 9, 12(1), 21, 42 and 59(a) of the Punjab Procurement Rules 2009/2014, the procuring agency shall engage in open competitive bidding if the cost of the object to be procured is more than the prescribed financial limit of Rs 100,000 for competitive bidding and Rs 25,000/ Rs 50,000 for quotations. Procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned and shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority.

Administrator, Zila Council, Faisalabad incurred expenditure amounting to Rs 4.478 million on procurement of penaflex/banners, meal/lunch etc. during 2011-12 to 2016-17. Contrary to the above rules, the procurements were made without advertisement and open competition.

Audit is of the view that due to financial indiscipline, procurements were made without open competition.

Procurements without open competition resulted in irregular/ uneconomical expenditure amounting to Rs 4.478 million.

The matter was reported to the PAO and DDO concerned in August, 2017. In DAC meeting held in August, 2017, it was replied that procurements were made on competitive rates after fulfilling all codal formalities. The reply was not tenable because no documentary evidence was provided in support of reply. DAC directed

to produce record to Audit for verification. No progress was intimated to Audit till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of expenditure from the Competent Authority.

[AIR Para: 5]

#### **1.2.4.9 Excess payment of project supervision fee – Rs 1.613 million**

According to Para 4.5.5 and 4.5.6 of the West Pakistan Buildings and Roads Department Code, every officer making or ordering payment on behalf of the Government should satisfy himself that work has been actually done in accordance with the bill submitted for payment. Further, according to Para 9 of the Appendix-A of the Contract Agreement between District Officer (Buildings), Faisalabad and the Consultant read with Condition 6.1.2 of the Special Conditions of Contract, construction supervision fee will be payable on percentage basis i.e. 1.7 percent of the workdone by the contractor for initial period of 18 months and thereafter payment will be made on man month basis.

District Officer (Buildings), Faisalabad awarded contract to a consultant for resident supervision of parking plaza at Old Mayor House in November, 2015. Contrary to the above, construction supervision fee amounting to Rs 2.680 million was paid in November, 2016 on man month basis against admissibility of Rs 1.067 million on percentage basis during initial period of 18 months which resulted in excess payment of Rs 1.613 million to the consultant. The detail is as under:

(Rupees in million)

<b>Construction Cost upto November, 2016</b>	<b>Construction Supervision Cost @ 1.7 Percent</b>	<b>Amount Paid</b>	<b>Excess Amount</b>
62.774	1.067	2.680	1.613

Audit is of the view that due to financial indiscipline and negligence, supervision fee was paid on man month basis instead of percentage basis.

Payment of project supervision fee on man month basis resulted in excess payment of Rs 1.613 million to the consultant.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of excess paid amount of Rs 1.613 million from the concerned.

[AIR Para: 12]

#### **1.2.4.10 Irregular refund of Additional Performance Security – Rs 1.210 million**

According to Clause 7 of the Contract Agreement, the Performance Security/Additional Performance Security lodged by a contractor shall be refunded to him after the expiry of three months form the issue of certificate of completion of the work under Clause 40 of the Contract Agreement, by the engineer in-charge or alongwith the final bill if it is prepared after that period on account of some unavoidable circumstances.

District Officer (Buildings), Faisalabad awarded work for re-construction of five class rooms with veranda, toilet block and boundary wall at Government Girls Primary School Chak No. 461/GB to a contractor on 26.05.2016 at an agreement cost of Rs 8.827 million with completion date upto 26.03.2017. Additional Performance Security amounting to Rs 1.210 million was obtained from the contractor. However, District Officer (Buildings) refunded Additional Performance Security to the contractor in July, 2016 i.e. just within two months of award whereas 40 percent of the work remained un-executed till then.

Audit is of the view that due to weak financial controls, Additional Performance Security was refunded before completion of work.

Pre-mature refund of Additional Performance Security amounting to Rs 1.210 million resulted in undue favour to the contractor besides violation of the contractual provisions.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of the matter from the Competent Authority.

[AIR Para: 20]

#### **1.2.4.11 Irregular refund of lapsed security deposits – Rs 1.115 million**

According to Rule 12.7 of the Punjab Financial Rules, Volume-I read with Article 127 of the Account Code Volume-II, all balances, unclaimed for more than three complete account years will, at the close of June in each year, be credited to the Government by means of transfer entries in the Accountant General's office. Further, according to Rule 12.10 of the Punjab Financial Rules Volume-I read with Article 63 of the Account Code Volume-II, deposits, credited to the Government under Rule 12.7, cannot be repaid without the sanction of the Accountant General, but this sanction will be given as a matter of course after ascertaining that the item was really received, carried to credit as lapsed and is now claimed by the person who might have drawn it any time before the lapse. The amount of refund will, however, be charged in the cash book as a refund and not debited to deposits.

District Officer (Buildings), Faisalabad refunded the security deposits, amounting to Rs 1.115 million during 2016-17 pertaining to 14 works. These security deposits were more than three years old and were to be treated as lapsed security deposits and were only to be refunded after due verification to avoid wrong payments. However, the same were neither treated as lapsed security deposits nor was prescribed procedure adopted before release of the same. In the absence of



proper scrutiny of claims, authenticity of refund to the persons who had right over it could not be ascertained.

Audit is of the view that due to mismanagement and in derogation of prescribed procedure, old security deposits were not treated as lapsed deposits and refunded without adopting prescribed procedure.

Refund of old security deposits without adopting prescribed procedure resulted in irregular refund amounting to Rs 1.115 million.

The matter was reported to the PAO and DDO concerned in August, 2017. Neither, any reply was submitted by the DDO nor DAC meeting was convened by the department despite repeated requests by Audit.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides regularization of the matter from the Competent Authority.

[AIR Para: 29]

## ANNEXURE

### Annexure-A

#### Part-I

### Memorandum for Departmental Accounts Committee Paras Pertaining to Current Audit Year 2017-18

(Rupees in Million)

Name of Formation	Sr. No.	Para No.	Title of Para	Amount of Audit Observation
Executive District Officer (F&P)	1	4	Irregular procurement due to fictitious technical inspection reports	-
	2	6	Less payment of stamp duty by the suppliers	0.077
	3	9	Unauthorized establishment of District Fund and unknown whereabouts of amounts deposited	-
	4	13	Expenditure excess than budget allocation	-
District Officer (Roads)	5	6	Non-deduction of Social Security Contribution	-
	6	14	Excess payment against RCC for non-deduction of cost of shuttering	0.225
	7	16	Excess payment to contractor due to wrong calculation.	-
	8	25	Excess payment to contractors by allowing of contractor's profit on MRS item	0.159
District Officer (Buildings)	9	11	Non-deduction of Social Security Contribution	-
	10	15	Non/less recovery of stamp duty	0.107
	11	25	Irregular expenditure from works contingencies	0.276
	12	27	Overpayment by charging excessive rates	0.385
	13	28	Short recovery of tender fee	0.040
District Council, Faisalabad	14	3	Loss of revenue due to non-achievement of targets and non-recovery of arrears	-
	15	7	Unknown where about of Confiscated Motor Vehicles Obtained Custom Collectorate	0.253
	16	8	Irregular purchase of furniture	0.971
District Officer (OFWM)	17	2	Non-completion of watercourses within stipulated time period	-
	18	3	Irregular release and incurrence of expenditure on development schemes without administrative approval	-
	19	4	Unauthorized Agreements with Water Users Associations	-
	20	5	Excess payment of construction material to Water Users Associations	-
	21	6	Unauthorized execution of brick lining works instead of PCPS	-
	22	7	Recovery of overpayment to Water Users Associations	0.195

**Part-II**

**[Para-1.1.3]**

**Memorandum for Departmental Accounts Committee Paras not Attended  
in Accordance with the Directives of DAC Pertaining to Audit Year 2016-17**

(Rupees in Million)

<b>Name of Formation</b>	<b>Sr. No.</b>	<b>Para No.</b>	<b>Title of Para</b>	<b>Amount of Audit Observation</b>
District Coordination Officer	1	1	Proposed procurement for financial year not announced in appropriate manner	2.100
	2	4	Irregular expenditure on utilities without observing austerity measures	1.168
	3	6	Un-authorized purchase from un-registered firms / persons Non-deposit of General Sales Tax	0.133
	4	8	Irregular expenditure on the repair of transport	1.306
	5	9	Irregular expenditure under head POL for vehicle	0.533
	6	10	Expenditure met from wrong code classification	0.308
EDO (Finance & Planning)	7	2	Unauthorized transfer of funds to Faisalabad Waste Management Company	-
	8	5	Expenditure against Nil budget	3.841
	9	6	Unauthorized provision of supplementary grants	-
	10	8	Unauthorized block allocation of funds	-
	11	9	Expenditure excess than budget allocation	-
	12	13	Unauthorized diversion of funds to Maintenance & Repair from development projects	-
	13	15	Loss to Government due to non-recovery of annual license fee due to non-approval of Tax schedule	2.220
	14	16	Loss to Government due to non-recovery of rent of shops.	0.272
	15	17	Loss due to non-lease out of City District Government Faisalabad properties	-
Executive District Officer (Education)	16	18	Loss due to non re-auction of shops	-
	17	1	Unauthorized advance drawl of funds for purchase of items for brick kiln children	-
	18	3	Non-deposit of General Sales Tax	-
	19	5	Unjustified acceptance of material after lapse of stipulated period	-
	20	6	Expenditure on construction of defective buildings	-
	21	7	Non-supply of learners kits to end users	-

Name of Formation	Sr. No.	Para No.	Title of Para	Amount of Audit Observation
	22	9	Uneconomical procurement of black board from single tenderer	0.657
	23	10	Non-registration of private schools	0.198
	24	13	Irregular expenditure on POL without maintaining log books	0.104
	25	14	Non-disbursement of remuneration among teachers	0.702
	26	16	Non-implementation of penalties imposed on teachers	-
Dy. DEO (EE-W) Samundari	27	2	Unauthorized expenditure beyond the competence of school council	1.131
	28	5	Irregular procurement through managed quotations/ competition	0.589
	29	6	Irregular expenditure against POL of vehicle	0.487
	30	7	Non-recovery of pay drawn after removal from service	0.218
	31	13	Excess drawl due to payment of taxes from Non-Salary Budget account instead of recovery from contractor	0.007
	32	14	Irregular purchase of furniture by School Council	0.697
	33	16	Unauthorized hiring of temporary non-teaching staff	0.266
Dy. DEO (EE-W) Faisalabad	34	17	Irregular procurement without preparation of annual procurement plan	-
	35	3	Irregular withdrawal of funds due to operation of FTF/SMC bank accounts by single signatory	0.789
	36	4	Irregular expenditure excess than authorized limit	0.172
	37	6	Splitting of expenditure	0.076
	38	8	Irregular expenditure in violation of procurement rules	0.345
	39	9	Irregular expenditures under head of POL	0.218
	40	11	Non-reconciliation of expenditure	-
	41	12	Non-maintenance of prescribed record by School Council.	-
	42	15	Non-maintenance / non-production of record	0.421
	43	16	Irregular expenditures under head of POL	0.156
	44	17	Irregular expenditure in violation of procurement rules	0.427
	45	18	Non-maintenance of prescribed record by School Council	-
	46	19	Irregular withdrawal of funds due to operation of FTF/SMC bank accounts by single signatory	0.752
Dy. DEO (EE-M) Faisalabad	47	22	Non-reconciliation of expenditure	-
	48	26	Irregular expenditure on purchase of furniture	0.287
	49	27	Doubtful expenditure / likely misappropriation	0.024
	50	1	Encroachment of Government/state land	4.000
	51	3	Irregular appointments and unauthorized withdrawal of pay and allowances	1.902
	52	4	Transfer of Government schools due to weak performance	2.646
	53	7	Payment of Inadmissible Allowances to staff	0.072
	54	9	Excess expenditure against sanctioned budget	-
	55	10	Non-deduction of General Sales Tax	0.412

Name of Formation	Sr. No.	Para No.	Title of Para	Amount of Audit Observation
Dy. DEO (EE-W) Jaranwala	56	2	Irregular expenditure in violation of procurement rules	1.933
	57	3	Unauthorized withdrawal of Conveyance Allowance	0.093
	58	5	Irregular withdrawal of funds due to operation of FTF/SMC bank accounts by single signatory	0.299
	59	6	Irregular expenditure excess than authorized limit by school Council	0.723
	60	7	Irregular expenditure without preparation of school based action plan	0.693
	61	8	Unauthorized withdrawal of Conveyance Allowance during Summer / Winter vacations	0.092
	62	9	Irregular expenditures under head of POL	0.402
Dy. DEO (EE-M) Jaranwala	63	5	Irregular procurement from unregistered firms	0.221
	64	8	Irregular withdrawal of Travelling Allowance/Daily Allowance without countersignature of Controlling Officer	0.042
	65	9	Consumption of POL without sealing of speedometer	0.274
Dy. DEO (EE-W) Tandlianwala	66	2	Loss to Government due to non-regularization of contract staff through payment of Social Security Benefit	-
	67	4	Transfer of Government schools to private sector due to weak performance of teachers and expenditure thereof	1.572
	68	8	Non-deduction of General Sales Tax	0.086
	69	9	Irregular expenditure on purchase of furniture	0.299
	70	10	Irregular expenditures under head of POL	0.164
	71	11	Non-reconciliation of expenditure	-
	72	12	Difference of cash balance between cash book and bank statements.	1.257
Government Girls High School 157/RB	73	13	Loss to Government due to theft of store items	0.100
	74	1	Unauthorized drawl of mobility/conveyance allowance during leave period and summer/winter vacation	0.072
	75	2	Excess payment of allowances	0.159
	76	3	Less/non-recovery of pay & allowances, GPF, Benevolent Fund and Group Insurance after regularization of services	0.053
	77	6	Non-deposit of bank profit in Government Treasury	0.050
	78	7	Non-deduction of Income Tax/Sales Tax	0.069
	79	8	Unauthorized drawl of pay without providing services	0.025
Government Girls High School 132/RB	80	9	Excess payment of allowances and non-deduction of Benevolent Fund & Group Insurance due to non-regularization of services of contract employee	0.127
	81	2	Excess drawl of pay and allowances due to irregular appointment on regular basis	0.060
	82	3	Less/non-recovery of pay & allowances, Benevolent Fund and Group Insurance after regularization of services	0.049

Name of Formation	Sr. No.	Para No.	Title of Para	Amount of Audit Observation
	83	4	Excess payment of allowances and non-deduction of Benevolent Fund & Group Insurance due to regularization of services of contract employees	0.033
	84	5	Unjustified drawl of funds from treasury	0.099
	85	8	Drawl of pay after retirement	0.026
	86	9	Preparation of expenditure statements on improper format	-
Government Girls High School 134/GB	87	1	Unjustified drawl of funds from Government Treasury	0.386
	88	2	Irregular expenditure in violation of procurement rules	0.120
	89	4	Excess payment of allowances and non-deduction of Benevolent Fund & Group Insurance due to regularization of services of contract employee	0.047
	90	5	Non-recovery of Benevolent Fund & Group Insurance and excess payment of personal allowance after regularization of services	0.019
	91	8	Non-auction of trees	-
	92	9	Non-preparation/reconciliation of expenditure statements	-
Government Municipal Corporation Girls Higher Secondary School Samanabad	93	4	Unauthorized expenditure beyond the competence of School Council	2.275
	94	5	Unauthorized appointments of temporary teachers without approval and payment of salaries	0.827
	95	9	Non-collection of Group Insurance premium from the employees of defunct Municipal Corporation	0.125
	96	10	Non-credit of profit earned in Account-IV	0.083
	97	11	Procurement of furniture without supporting documents	0.683
EDO (Health) Faisalabad	98	3	Blockage of public funds due to non-auction of dried trees/unserviceable material	-
	99	4	Non-replacement of sub-standard medicine	0.306
		7	Non-recovery of penalty imposed on health staff	0.471
	101	8	Recoverable because of late delivery charges	0.052
	102	10	Irregular drawl of Travelling Allowance/Daily Allowance	0.014
District Officer (Health) Faisalabad	103	11	Loss of income due to running of medical stores without registration/non-renewal of license	0.466
	104	4	Blockage of public funds due to non-disposal of motorcycles/unserviceable items	1.274
	105	7	Excess payment of pay & allowances and non-deduction of Benevolent Fund and Group Insurance after regularization of services.	0.180
	106	8	Payment of inadmissible Health Risk Allowance	0.144
	107	10	Overpayment by charging more than actual mileage	0.184
	108	11	Unauthorized payment of Travelling Allowance	0.600

Name of Formation	Sr. No.	Para No.	Title of Para	Amount of Audit Observation
	109	14	Irregular expenditure on issuance of POL against personal motorcycles	0.222
	110	15	Irregular drawl of Travelling Allowance/Daily Allowance	0.157
District Officer (Health-III)	111	2	Non-deposit of Government receipts	0.061
	112	3	Non-recovery of Conveyance Allowance during leave period	0.019
	113	4	Non-verification of challans deposited into Government Treasury by District Accounts Officer	0.702
	114	5	Unauthorized drawl of Conveyance Allowance inspite of living in work premises	0.021
	115	6	Payment of salary during leave on Half Pay	0.009
Government General Hospital Samanabad	116	1	Irregular payment of pending liabilities of previous years out of current budget	-
	117	4	Un-authorized drawl of salary for absence period	0.415
	118	5	Non-deposit of auction money of cycle stand / canteen by contractors	0.379
	119	12	Non-recovery of liquidated damages for late supply	0.067
	120	13	Loss due to irregular payment of Sales Tax on electricity	0.201
	121	14	Suspicious utilization of medicine by various wards of hospital	0.758
	122	15	Non-receipt of medicine from District Headquarter Hospital	0.207
	123	16	Suspicious / doubtful expenditure on the purchase of nursery plants	0.156
Tehsil Headquarter Hospital Jaranwala	124	3	Irregular payment of pending liabilities of previous years out of current budget	-
	125	6	Unauthorized drawl of Health Sector Reforms Allowance	0.900
	126	7	Non-recovery of liquidated damages for late supply	0.320
	127	8	Unauthorized excess drawl of pay and various allowances	0.218
	128	10	Suspicious expenditure on the POL of ambulance	1.162
	129	13	Loss due to irregular payment of Sales Tax on electricity	0.273
	130	14	Non-auction of trees	0.300
Tehsil Headquarter Hospital Jhumra	131	4	Irregular expenditure on POL	3.744
	132	11	Payment of inadmissible allowances.	0.090
	133	12	Non-reconciliation of expenditure and revenue	-
	134	13	Delay in deposit of Government revenue	0.565
	135	15	Avoidable expenditure under head of electricity bills	0.064
Tehsil Headquarter Hospital Tandlianwala	136	2	Non-recovery of auction money from contractors.	0.245
	137	3	Unauthorized issuance of injectable to outdoor patients	1.290
	138	10	Non-deposit of Government Revenue	0.036
	139	11	Non-recovery of Penal Rent	0.366
	140	12	Irregular drawl of salaries	0.346
	141	15	Non-reconciliation/verification of hospital receipts	0.919
	142	2	Overpayment due to drawl of salary during absent period	0.142

Name of Formation	Sr. No.	Para No.	Title of Para	Amount of Audit Observation
Senior Medical Officer Rural Health Centre Khurrianwala	143	3	Non-recovery on account of social security benefits, Benevolent Fund and Group Insurance	0.066
	144	4	Un-authorized drawl of Non-Practice Allowance	0.036
	145	5	Non-deposit of receipts	0.083
	146	8	Unauthorized withdrawal of Health Risk Allowance	0.158
Senior Medical Officer Rural Health Centre 174/GB	147	5	Unnecessary purchase of X-Ray films	0.209
	148	8	Overpayment of GST	0.001
Tehsil Headquarter Hospital, Samundari	149	5	Blockage of public resources	7.700
	150	6	Undue payment of General Sales Tax on electricity	0.385
	151	7	Un-authorized purchase of medicine from the firms not declared blacklisted	0.355
	152	8	Non-recovery of penalty for late supply of medicine	0.204
	153	10	Non-replacement of medicine due to failure of DTL reports	0.192
Senior Medical Officer Rural Health Centre 134/GB	154	15	Non-issuance of medicine to patients due to non-receipt of Drug Testing Laboratory reports	0.739
	155	5	Unauthorized payment of Health Risk Allowance	0.126
	156	10	Unnecessary purchase of X-Ray items	0.187
District Officer (Buildings)	157	12	Overpayment due to purchase of X-Ray films at excessive rate	0.011
	158	6	Irregular payment of secured advance and excess payment	0.574
	159	25	Excess payment to contractor on account of premium on non-schedule items	0.486
	160	26	Irregular expenditure on unapproved DCO Camp Office	1.793
District Officer (Roads)	161	28	Irregular provision and payment of non-schedule item.	-
	162	15	Unjustified retention of performance security	9.700
	163	18	Excess payment to the contractor	0.269
DO (Solid Waste Management)	164	22	Excess payment to the contractor by charging excessive rate	0.244
	165	2	Expenditure without monitoring of agreed key performance indicators.	-
	166	4	Difference of cash balance between cash book and bank statements.	0.544
	167	5	Unauthorized drawl of pay & allowances without performing duty	0.420
District Officer (Spatial Planning)	168	6	Non-recovery of Conveyance Allowance during earned leave.	0.049
	169	2	Non-recovery of advertiser's registration and NOC fees	0.439
	170	3	Less recovery of Conversion Fee	0.989
	171	4	Less recovery of Conversion Fee	0.283
	172	5	Unauthorized award of collection rights of advertisement fee to defaulter contractor	-



<b>Name of Formation</b>	<b>Sr. No.</b>	<b>Para No.</b>	<b>Title of Para</b>	<b>Amount of Audit Observation</b>
	173	6	Less recovery of pay and allowances of employees from contractor	0.160
	174	7	Loss to Government due to late auction of collection rights of advertisement fee	-
	175	8	Unauthorized collection of arrears by contractor	0.113
	176	10	Non-preparation/reconciliation of expenditure and receipt statements	-
EDO (Agriculture) Faisalabad	177	2	Non-reconciliation of expenditure.	-
	178	3	Non-recovery of Conveyance Allowance and pay during leave period	0.436
	179	4	Non-auction of unserviceable/condemned material/vehicle	0.299
	180	5	Non-recovery of rent of Government residence.	0.074
	181	6	Unauthorized retention of Government funds and non-deposit into Government treasury	0.121
DO (OFWM) Faisalabad	182	2	Un-authorized execution of brick lining works instead of PCPS	-
	183	3	Non-collection of farmer's share	9.904
	184	4	Determination of labor cost without detailed calculation	5.309
	185	5	Payment of bricks without quality test reports	5.184
	186	6	Non-deposit of vouched accounts by Water Users Association	9.708
	187	7	Unjustified drawl of M. Phil Allowance without entitlement	0.160
	188	8	Irregular/excess drawl of pay due to non-stoppage of one increment	0.018

## Annexure-B

### Summary of Appropriation Accounts by Grants for the Financial Year 2016-17

(Amount in Rupees)

Grant No.	Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	(+) Excess (-) Saving
3	Provincial Excise	51,852,823	0	51,852,823	22,245,639	(-) 29,607,184
5	Forests	37,769,395	0	37,769,395	15,950,301	(-) 21,819,094
6	Registration	0	0	0	111,120	(+) 111,120
7	Charges on A/c of M. Veh. Act	28,170,383	1,500,000	29,670,383	8,450,529	(-) 21,219,854
8	Other Taxes & Duties	51,430,908	0	51,430,908	23,460,977	(-) 27,969,931
10	General Administration	1,090,413,604	0	1,090,413,604	567,448,140	(-) 522,965,464
17	Public Health	14,989,294	0	14,989,294	6,639,885	(-) 8,349,409
18	Agriculture	239,931,549	0	239,931,549	118,470,319	(-) 121,461,230
19	Fisheries	3,333,359	0	3,333,359	827,879	(-) 2,505,480
20	Veterinary	333,898,072	0	333,898,072	125,305,249	(-) 208,592,823
21	Co-operative	62,206,872	0	62,206,872	23,557,192	(-) 38,649,680
22	Industries	8,860,217	0	8,860,217	3,744,651	(-) 5,115,566
23	Miscellaneous Departments	33,377,968	0	33,377,968	12,175,029	(-) 21,202,939
24	Civil Works	165,694,110	0	165,694,110	100,806,898	(-) 64,887,212
25	Communications	719,465,391	0	719,465,391	320,250,184	(-) 399,215,207
31	Miscellaneous	1,582,170,035	0	1,582,170,035	717,304,652	(-) 864,865,383
32	Civil Defence	80,186,421	0	80,186,421	32,849,497	(-) 47,336,924
C10	General Administration	11,508,251	0	11,508,251	6,462,413	(-) 5,045,838
<b>Total Non-Development :</b>		<b>4,515,258,652</b>	<b>1,500,000</b>	<b>4,516,758,652</b>	<b>2,106,060,554</b>	<b>(-) 2,410,698,098</b>
36	Development	420,555,389	136,505,794	557,061,883	217,920,155	(-) 339,141,728
41	Highways, Roads & Bridges	408,459,248	462,411,752	870,871,000	177,219,656	(-) 693,651,344
42	Government Buildings	645,713,071	635,078,935	1,280,792,006	339,388,912	(-) 941,403,094
<b>Total Development:</b>		<b>1,474,727,708</b>	<b>1,233,996,481</b>	<b>2,708,724,889</b>	<b>734,528,723</b>	<b>(-) 1,974,196,166</b>
<b>Grand Total:</b>		<b>5,989,986,360</b>	<b>1,235,496,481</b>	<b>7,225,483,541</b>	<b>2,840,589,277</b>	<b>(-) 4,384,894,264</b>

## Annexure-C

[Para: 1.2.2.3]

### Execution of work without job mix formula – Rs 96.457 million

(Rupees in million)

Sr. No.	Voucher No. & Date		Name of Work	Description of Item	Amount
	No.	Date			
1	115	29.12.2016	Repair/improvement of road in front of Prince Hotel Arshad Center Mian Trust Hospital, Faisalabad	Providing/laying bituminous priming coat	0.130
				Providing/laying premixed bituminous carpet 2"	1.246
				Providing/laying bituminous Tack coat	0.096
				Providing/laying premixed bituminous carpet 1-1/2"	0.824
2	117	29.12.2016	Repair/improvement of road cuts/depression on various roads in Faisalabad	Providing/laying bituminous priming coat	0.033
				Providing/laying premixed bituminous carpet 2"	0.242
				Providing/laying bituminous Tack coat	0.020
				Providing/laying premixed bituminous carpet 1-1/2"	0.182
3	54	20.12.2016	Repair/maintenance of road along Sirwala Rajbah from Chenone Chowk to Tilianwala Tall, Faisalabad	Providing/laying bituminous priming coat	0.343
				Providing/laying premixed bituminous carpet 2"	2.907
4	42	17.12.2016	Repair/improvement of road from Jaranwala Faisalabad Road to Jaranwala Khurrianwala Road (By pass)	Providing/laying bituminous priming coat	2.753
				Providing/laying premixed bituminous carpet 2"	21.055
				Providing/laying bituminous Tack coat	0.048
5	36	14.11.2016	Repair/improvement of road from Bohar Wala Chowk to Boys High School Chak No. 204/RB	Providing/laying bituminous priming coat	0.194
				Providing/laying premixed bituminous carpet 2"	1.530
6				Providing/laying bituminous priming coat	1.001

Sr. No.	Voucher No. & Date		Name of Work	Description of Item	Amount
	No.	Date			
			Repair/Improvement of road from Lahore More to Water Works Chowk, Jaranwala	Providing/laying premixed bituminous carpet 2"	8.359
7	14	05.09.2016	Repair/Improvement of road from Sheikhpura Road to Jamia Salfia, Faisalabad	Providing/laying bituminous priming coat	0.430
				Providing/laying premixed bituminous carpet 2"	3.546
8			Dualization of road from Iqbal Chowk to Narwala Road G.M. Abad	Providing/laying bituminous priming coat	0.979
				Providing/laying premixed bituminous carpet 2"	7.280
9	26	10.11.2016	Repair of road cut on various roads in Faisalabad	Providing/laying bituminous priming coat	0.744
				Providing/laying premixed bituminous carpet 2"	6.112
10	82	24.08.2016	Widening/improvement of Canal Road Tandlianwala Length 1.52 Km	Providing/laying bituminous priming coat	3.640
				Providing/laying premixed bituminous carpet 2"	26.772
11	86	17.10.2016	Laying of synthetic athletics track at Shahbaz Sharif Park Fardous Colony, Faisalabad	Providing/laying premixed bituminous carpet 2"	3.423
				Providing/laying premixed bituminous carpet 1.5"	2.568
<b>Total</b>					<b>96.457</b>

## Annexure-D

[Para: 1.2.2.22]

### Execution of works without tendering – Rs 2.608 million

(Rupees in million)

Sr. No	Voucher		Work Order		Name of Work	Amount
	No.	Date	No.	Date		
1	90	23.11.16	7535	22.10.16	A/R to Govt. residence No. 7-C in GOR-I Faisalabad	0.050
2	91	23.11.16	7537	22.10.16	A/R to Govt. residence No. 7-C in GOR-I Faisalabad	0.050
3	95	23.11.16	7536	22.10.16	A/R to Govt. residence No. 7-C in GOR-I Faisalabad	0.050
4	96	23.11.16	7534	22.10.16	A/R to Govt. residence No. 7-C in GOR-I Faisalabad	0.050
5	323	29.12.16	6226	16.12.16	A/R to Govt. residence No. 7-C in GOR-I Faisalabad	0.050
6	324	29.12.16	6225	16.12.16	A/R to Govt. residence No. 7-C in GOR-I Faisalabad	0.050
7	213	23.12.16	8321	28.11.16	M/R to Residence Syed Raza Ali shah PS to Administrator Quarter No. P-7 Zila Council Colony	0.050
8	290	29.12.16	9167	19.12.16	M/R to Residence Syed Raza Ali shah PS to Administrator Quarter No. P-7 Zila Council Colony	0.050
9	295	29.12.16	9166	19.12.16	M/R to Residence Syed Raza Ali shah PS to Administrator Quarter No. P-7 Zila Council Colony	0.050
10	150	21.12.16	8424	02.12.16	A/R to Quarter No-4, Zila Council Sammundri Road Faisalabad	0.050
11	152	21.12.16	8421	02.12.16	A/R to Quarter No-4, Zila Council Sammundri Road Faisalabad	0.050
12	160	21.12.16	8232	22.11.16	A/R to Quarter No-4, Zila Council Sammundri Road Faisalabad	0.050
13	154	21.12.16	8337	28.11.16	A/R to Quarter No.18 occupied by M. Bashir, N/Q Zila Council Sammundri Road Faisalabad	0.050
14	155	21.12.16	8322	28.11.16	A/R to Quarter No-18 occupied by M. Bashir, N/Q Zila Council Sammundri Road Faisalabad	0.050
15	586	30.12.16	6822	07.12.16	A/R to residence 3B of A/C city in GOR-I	0.053
16	587	30.12.16	6800	17.12.16	A/R to residence 3B of A/C city in GOR-I	0.050
17	589	30.12.16	6821	07.12.16	A/R to residence 3B of A/C city in GOR-I	0.050
18	595	30.12.16	6823	07.12.16	A/R to residence 3B of A/C city in GOR-I	0.051
19	162	21.12.16	8078	16.11.16	A/R to residence 11-D, Kotwali road Faisalabad	0.050
20	163	21.12.16	8029	16.11.16	S/R. to residence 11-D, Kotwali road Faisalabad	0.050
21	165	21.12.16	8282	30.11.16	S/R A/R to D-14, GOR-II Faisalabad	0.050
22	169	21.12.16	8307	26.11.16	S/R A/R to D-14, GOR-II Faisalabad	0.050
23	174	21.12.16	6815	07.12.16	S/R A/R to C-1, GOR-I Faisalabad	0.051
24	175	21.12.16	6812	07.12.16	S/R A/R to C-1, GOR-I Faisalabad	0.050
25	545	29.12.16	8779	26.12.16	A/R to C-39 Riaz Hussain Nazir GOR-II	0.050
26	546	29.12.16	8780	26.12.16	A/R to C-39 Riaz Hussain Nazir GOR-II	0.050
27	547	29.12.16	8781	26.12.16	A/R to C-39 Riaz Hussain Nazir GOR-II	0.050

Sr. No	Voucher		Work Order		Name of Work	Amount
	No.	Date	No.	Date		
28	548	9.12.16	8782	26.12.16	A/R to C-39 Riaz Hussain Nazir GOR-II	0.050
29	250	9.12.16	8623	14.12.16	S/R to E-4 Residence of M. Ayoub DCO Chiniot GOR-II	0.050
30	251	29.12.16	8822	14.12.16	S/R to E-4 Residence of M. Ayoub DCO Chiniot GOR-II	0.050
31	325	29.12.16	8923	16.12.16	A/R to A-28 occupied by Tanveer Hussain in GOR-II	0.051
32	469	29.12.16	8081	16.11.16	A/R to A-28 occupied by Tanveer Hussain in GOR-II	0.050
33	557	29.12.16	6264	20.12.16	A/R to residence Dr. Riaz Chak No.221/RB	0.050
34	558	29.12.16	6263	20.12.16	A/R to residence Dr. Riaz Chak No.221/RB	0.050
35	559	29.12.16	6213	15.12.16	S/R to residence Dr. Riaz Chak No.221/RB	0.050
36	560	29.12.16	6212	15.12.16	A/R to residence Dr. Riaz Chak No.221/RB	0.050
37	551	29.12.16	6807	07.12.16	A/R to Computer office DCO office Faisalabad	0.050
38	561	29.12.16	6356	27.12.16	M/R to DCO Office	0.050
39	562	29.12.16	6355	27.12.16	M/R to DCO Office	0.050
40	563	29.12.16	6357	27.12.16	M/R to DCO Office	0.050
41	604	29.12.16	6347	21.12.16	M/R to main building at DCO office	0.050
42	604	30.12.16	6345	21.12.16	M/R to main building at DCO office	0.050
43	594	30.12.16	6888	15.12.16	S/R to B-8 in GOR I	0.050
44	599	30.12.16	6894	15.12.16	S/R to B-8 in GOR I	0.050
45	591	30.12.16	6340	21.12.16	M/R to Govt. office Building supply of razor cut wire	0.050
46	592	30.12.16	6335	21.12.16	M/R to Govt. office Building supply of razor cut wire	0.050
47	600	30.12.16	6338	21.12.16	M/R to Govt. office Building supply of razor cut wire	0.050
48	601	30.12.16	6339	21.12.16	M/R to Govt. office Building supply of razor cut wire	0.050
49	564	29.12.16	6350	26.12.16	A/R to residence No.4 PWD colony office	0.050
50	565	29.12.16	6351	26.12.16	A/R to residence No.4 PWD colony office	0.050
51	566	29.12.16	6352	26.12.16	A/R to residence No.4 PWD colony office	0.050
52	567	29.12.16	6349	26.12.16	A/R to residence No.4 PWD colony office	0.050
<b>Total</b>						<b>2.608</b>

## Annexure-E

[Para: 1.2.3.4]

### Loss due to non-auction of Government property – Rs 2.555 million

(Rupees in million)

Sr. No.	Location of Properties	Period	Rent per Annum	Amount
1	Land 374 GB, Jaranwala	July, 2011 to June , 2017 i.e. six years	0.014	0.084
2	Land 71 RB, Jaranwala		0.008	0.047
3	Land 583 GB, Jaranwala		0.007	0.042
4	Land 560 GB, Jaranwala		0.015	0.090
5	Land 433 GB, Jaranwala		0.020	0.120
6	Land 193 RB, Jaranwala		0.025	0.150
7	Land 438 GB, Samundri		0.013	0.078
8	Land 471 GB, Samundri		0.012	0.072
9	Land 402 GB, Samundri		0.018	0.108
10	Land 499 GB, Samundri		0.070	0.420
11	Land 410 GB, Samundri		0.006	0.036
12	Land 146 GB, Samundri		0.020	0.120
13	Godown, Chak Jhumra		0.066	0.396
14	Godown, Samundri		0.066	0.396
15	Godown, Mamukanjan		0.066	0.396
<b>Total</b>				<b>2.555</b>

\*(Information was obtained from advertisements made in newspapers in previous years)

## Annexure-F

[Para: 1.2.4.2]

### Utilization of bricks without ensuring standard specifications and testing – Rs 23.759 million

(Amount in Rupees)

Sr. No.	Name of Work	Voucher No & Date		Quantity in Cft	No. of Bricks	Amount
		No.	Date			
1	Construction of Civil Dispensary Chak No.463/GB Faisalabad	2	19/07/2016	3,832	51,732	351,778
				3,795	51,233	348,384
2	Up-Gradation of Govt. Girls Elementary School Chak No. 214/RB Faisalabad	10	09/08/2016	7,154	96,579	656,737
				946	12,771	86,843
3	Construction of Raising Boundary wall Mouza Dhodhika Sammundri	19	15/08/2016	1,390	18,765	127,602
				935	12,623	85,836
				278	3,753	25,520
4	Improvement of Graveyard etc. at Chak No. 203/RB Shamsabad	26	15/08/2016	1,176	15,876	107,957
				1,297	17,510	119,068
				827	11,165	75,922
5	Construction of Boundary wall 800-Rft GBHS Chak No.530/GB	27	15/08/2016	4,330	58,455	397,494
				7,715	104,153	708,240
6	Provision of Boundary Wall to School Chak No.95/GB Jaranwala	28	15/08/2016	10,640	143,640	976,752
				10,169	137,282	933,518
7	Construction of 3-No Class Room at GGPS Chak No.558/GB	67	24/08/2016	3,074	41,499	282,193
				340	4,590	31,212
				2,886	38,961	264,935
8	Provision Boundary wall at GPS Tandlianwala	68	24/08/2016	3,308	44,658	303,674
				3,703	49,991	339,939
				172	2,322	15,790
9	Raising / Reconstruction of boundary wall G.B.H.S Chak No.111/JB, Faisalabad	69	24/08/2016	6,567	88,655	602,854
				11,211	151,349	1,029,173
10	Reconstruction of two Class room at GGES Chak No.473/GB Sammundri	100	26/08/2016	1,962	26,487	180,112
				2,020	27,270	185,436
11	Construction of Boundary Wall at GBHS Chak No.228/GB, Sammundri	101	28/08/2016	2,619	35,357	240,428
				4,658	62,883	427,604
12	Provision of Boundary wall in School Chak No.147/RB,	102	26/08/2016	4,153	56,066	381,249
				3,060	41,310	280,908
13		433	29/12/2016	11,357	153,320	1,042,576



Sr. No.	Name of Work	Voucher No & Date		Quantity in Cft	No. of Bricks	Amount
		No.	Date			
	Re-Construction of 11-No Dangerous Class room Govt. M.C Girls High school Chak Majra Faisalabad			551	7,439	50,585
14	Re-Construction of 14-Nos Dangerous class room M.C Girls High school Haji Abad Faisalabad.	434	29/12/2016	14,349	193,712	1,317,242
				807	10,895	74,086
15	Construction of 8-Nos Dangerous C/R GBHS Chak No. 282/GB, Jaranwala	505	29/12/2016	2,581	34,844	236,939
				3,583	48,371	328,923
16	Construction of Main Building and MD residence at BHU etc. Chak No.205/RB	506	29/12/2016	3,670	49,545	336,906
17	Reconstruction of Dangerous School at GGPS Chak No.269/RB, Faisalabad	514	29/12/2016	3,352	45,252	307,714
				1,810	24,435	166,158
18	Construction of Parking plaza at old mayor house Faisalabad.	528	29/12/2016	2,680	36,180	246,024
				4,343	58,626	398,657
19	Reconstruction of 2-Nos Dangerous Class room at GBES at Chak No. 217/RB, Faisalabad.	528	29/12/2016	3,308	44,658	303,674
				2,213	29,876	203,157
20	Reconstruction of 2-Nos Dangerous Class room at GPS Mouza Shadi Tandlianwala	582	29/12/2016	1,752	23,652	160,834
				1,780	24,030	163,404
				119	1,607	10,928
21	Construction of Playground at Chak No.467/GB, Sammundri	234	26/12/2016	9,639	130,127	884,864
22	Reconstruction of 2-Nos Dangerous Class room with external development Govt. Middle School Zeeshan Park Mansoorabad	238	26/12/2016	2,890	39,015	265,302
				2,182	29,457	200,308
				116	1,566	10,649
23	Construction of Squash Court International at Al-Fateh Ground Faisalabad	341	29/12/2016	4,185	56,498	384,186
				5,419	73,157	497,468
				91	1,229	8,357
24	Establishment of Facilitation Service center at Faisalabad	397	29/12/2016	30,644	413,694	2,813,119
				5,130	69,255	470,934
				873	11,786	80,145
				18,764	253,314	1,722,535
				2,100	28,350	192,780
				14,303	193,091	1,313,019
<b>Total</b>				<b>258,808</b>	<b>3,493,916</b>	<b>23,758,629</b>

## Annexure-G

[Para: 1.2.4.5]

### Non-obtaining of Additional Performance Security – Rs 11.482 million

(Rupees in million)

Sr. No.	Work Order		Name of Work	Estimated Cost	Work Order Amount	Rate Below TSE	APS Amount
	No.	Date					
1	2411	3/25/2016	Construction of boundary wall and toilet block at Govt. High School Chak 383/GB	2.712	2.330	11.11%	0.390
2	2471	3/28/2016	Construction of boundary wall at Govt. Boys High School Chak 485/GB	5.813	5.059	11.22%	0.610
3	2538	3/31/2016	Reconstruction of 7-dangerous class rooms and veranda at Govt. MC Boys Primary School Hajvairi Town, Faisalabad	6.740	5.204	14.75%	1.216
4	2728	4/6/2016	Reconstruction of 3-dangerous class rooms and veranda at Govt. Boys Primary School Chak No.255/RB	3.198	2.587	12.77%	0.478
5	2740	4/7/2016	Reconstruction of 2-dangerous class rooms with veranda and boundary wall at Govt. Girls High School Chak 478/GB	6.885	5.370	8.99%	1.084
6	3117	4/19/2016	Construction of boundary wall at Govt. Boys High School Chak No.174/GB	8.461	7.254	12.55%	1.041
7	3673	5/12/2016	Construction of Play Ground at Chak No.451/GB	1.003	0.826	15.23%	0.120
8	3725	5/13/2016	Construction of Model Veterinary Hospital at Chak Jhumra	1.200	1.042	12.57%	0.150
9	4108	5/25/2016	Renovation/repair of building at Govt. A. Salam Boys Primary School, Samundri	1.554	1.264	13.95%	0.215
10	4291	6/1/2016	Construction of Govt. Model Primary School at Chak No.215/RB	4.000	3.348	15.22%	0.580
11	4591	6/11/2016	Upgradation of Govt. Girls Elementary School to High level at Chak No.214/GB	8.760	7.549	13.75%	1.150
12	4594	6/11/2016	Upgradation of Govt. Girls Elementary School to High level at Chak No.208/GB	8.760	7.482	14.50%	1.225
13	4615	6/13/2016	Construction of 4-class rooms with veranda and toilet block at MC Girls Primary School A-Block Sir Syed Town, Faisalabad	7.035	5.828	13.69%	1.076

Sr. No.	Work Order		Name of Work	Estimated Cost	Work Order Amount	Rate Below TSE	APS Amount
	No.	Date					
14	4704	6/16/2016	Construction of four class rooms with veranda and toilet block and stair hall at Govt. Girls Elementary School Ayub Colony, Faisalabad	5.690	4.683	14.50%	0.889
15	6947	9/24/2016	Construction of medicine store at THQ Hospital, Tandlianwala	5.910	5.087	9.33%	0.648
16	7035	9/30/2016	Construction of medicine store and EPI store at THQ Hospital, Samundri	6.930	6.139	7.05%	0.610
<b>Total</b>				<b>84.651</b>	<b>71.051</b>		<b>11.482</b>