



**AUDIT REPORT
ON THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATIONS
DISTRICT BAHAWALPUR
AUDIT YEAR 2012-2013**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
FD	Finance Department
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government & Community Development
MFDAC	Memorandum for Department Accounts Committee
NAM	New Accounting Model
PAC	Public Accounts Committee
PDG	Punjab District Governments
PLGO	Punjab Local Government Ordinance
POL	Petroleum Oil and Lubricants
RDA	Regional Directorate of Audit
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TO (F)	Tehsil Officer (Finance)
TO (I&S)	Tehsil Officer (Infrastructure & Services)
TO (P&C)	Tehsil Officer (Planning & Coordination)
TO (R)	Tehsil Officer (Municipal Regulations)

Preface

Articles 169 and 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973 and section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to conduct the audit of the receipts and expenditure of the Local Fund and Public Accounts of Tehsil/Town Municipal Administrations of the Districts.

The report is based on audit of the accounts of Tehsil Municipal Administrations of District Bahawalpur for the financial year 2011-12. The Directorate General Audit, District Governments, Punjab (South), Multan, conducted audit during 2012-13 on test check basis with a view to reporting significant findings to 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 Annexure-I of the Audit Report. The audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this Report have been finalized in the light of written responses and discussion with the management.

The Audit Report is submitted to the Governor of 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 PAC.

Islamabad
Dated:

(Muhammad Akhtar BulandRana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (South), Multan, a Field Audit Office of the Auditor General of Pakistan, is responsible to carry out the audit of all District Governments in Punjab (South) including Tehsil and Town Municipal Administrations. Regional Directorate of Audit Bahawalpur has audit jurisdiction of District Governments, TMAs and UAs of three Districts i.e. Bahawalpur, Bahawalnagar and Rahim Yar Khan.

The Regional Directorate has a human resource of 32 officers and staff, constituting 5,022 man days and the budget of about Rs13.867million per financial year. It has the mandate 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 R.D.A Bahawalpur carried out audit of the accounts of four TMAs of District Bahawalpur for the financial year 2011-12 and the findings included in the Audit Report.

Each Tehsil Municipal Administration in District Bahawalpur is headed by a Tehsil Nazim / Administrator. He/she carries out operations as per Punjab Local Government Ordinance, 2001. Tehsil Municipal Officer is the Principal Accounting Officer (PAO) and acts as coordinating and administrative officer, responsible to control land use, its division and development and to enforce all laws including Municipal Laws, Rules and By-laws. The PLGO 2001 requires the establishment of Tehsil / Town Local Fund and Public Account for which Annual Budget Statement is authorized by the Tehsil Nazim / Tehsil Council / Administrator in the form of Budgetary Grants.

The total Development Budget of four TMAs in the District Bahawalpur mentioned above for the financial year 2011-12 was Rs549.810 million and expenditure incurred of Rs150.870 million showing savings of Rs398.940 million in these years. The total Non-development Budget for financial year 2011-12 was Rs824.422 million and expenditure was Rs730.480 million, showing savings of Rs93.942 million. The reasons for savings in Development and Non-development Budgets are required to be provided by TMO and PAO concerned.

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

Audit of receipts/ revenues was also conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules and that there was no leakage of revenue.

a. Audit Methodology

Audit was conducted after understanding the business processes of TMAs with respect to its functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files / record. Desk Audit greatly facilitated identification of high risk areas for substantive testing in the field.

b. Audit of Expenditure and Receipts

Audit of development expenditure of Rs113.552million out of total expenditure of Rs150.870 million was carried out, and audit of non-development expenditure Rs484.088 million out of total expenditure of Rs730.480million for the financial years 2011-13 was conducted which is 75% &66.27% of development and non-development expenditures respectively. Total overall expenditure of TMAs of District Bahawalpur for the financial year 2011-13 was Rs881.350 million, out of which overall expenditure of Rs597.640 million was audited which, is 67.80% of total expenditure. Therefore, there was 100% achievement of the planned audit activities.

c. Recoveries at the Instance of Audit

Recoveries of Rs2054.370 million were pointed out through various audit paras and no recovery was affected till compilation of this Report.

d. Desk Audit

Desk review helped auditors in understanding the systems, procedures, environment of entity and identification of high risk areas for additional compliance testing in the field. The Audit Command Language (ACL) was applied centrally on the Payroll part of appropriation account. As a result, certain irregularities and overpayments were identified, which were communicated to field audit officers for verification and follow-up action.

e. The Key Audit Findings

- i. Non Production of record of Rs166.579 million was noted in four cases¹
- ii. Irregularities of Rs61.471 million were noted in ten cases²
- iii. Performance issues involving an amount of Rs80.609 million were noted in two cases³.
- iv. Weaknesses of internal controls and loss of Rs2235.747 million was noted in fifteen cases⁴.

Audit paras on the accounts for financial year 2011-12 involving procedural violations including internal controls weaknesses, and irregularities which were not considered worth reporting to Provincial PAC, have been included in Memorandum For Departmental Accounts Committee (Annexure-A).

¹ Para: 1.2.1.1, 1.3.1.1, 1.4.1.1, 1.5.1.1

² Para: 1.2.2.1 to 1.2.2.2, 1.3.2.1 to 1.3.2.3, 1.4.2.1 to 1.4.2.3, 1.5.2.1 to 1.5.2.2

³ Para: 1.2.3.1, 1.5.3.1

⁴ Para: 1.2.4.1 to 1.2.4.5, 1.3.4.1 to 1.3.4.3, 1.4.4.1 to 1.4.4.4, 1.5.4.1 to 1.5.4.3

f. Recommendations

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

- i. Strengthening of financial and managerial controls
- ii. Compliance of DAC directives and decisions in letter and spirit
- iii. Expediting recoveries pointed out by Audit as well as other recoveries in the notice of management
- iv. Compliance of relevant laws, rules, instructions and procedures, etc.
- v. Proper maintenance of accounts and record
- vi. Appropriate actions against officers/officials responsible for violation of rules and losses
- vii. Addressing systemic issues to prevent recurrence of various omissions and commissions.
- viii. Production of record to audit for verification
- ix. Hold investigations for wastage, fraud, misappropriation and losses, and disciplinary actions after fixing responsibilities.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)			
Sr. No.	Description	No.	Budget / Expenditure
1	Total Entities (PAOs) in Audit Jurisdiction	06	1,649.080
2	Total Formations in Audit Jurisdiction	06	1,649.080
3	Total Entities (PAOs)/ DDOs Audited	05	881.350
4	Audit & Inspection Reports	05	881.350
5	Special Audit Reports	Nil	Nil
6	Performance Audit Reports	Nil	Nil
7	Other Reports (Relating to TMA)	Nil	Nil

Table 2: Audit Observations

(Rs. in million)		
Sr. No.	Description	Amount under audit observation
1	Asset management	-
2	Financial management	80.609
3	Internal controls	2,235.747
4	Violation of rules	61.471
5	Others	166.579
Total		2,544.406

Table 3: Outcome Statistics

Expenditure Outlay Audited				(Rs. in million)		
Sr. No.	Description	Physical Assets	Civil Works	Receipt	Non-Salary	Total
1	Outlays audited	33.204	65.110	2,087.580	751.154	2,937.048*
2	Amount placed under audit observation / irregularities	4.362	0	2,054.370	485.674	2,544.406
3	Recoveries pointed out at the instance of Audit	0	0	2,054.370	0	2,054.370
4	Recoveries accepted / established at the instance of Audit	0	0	2,054.370	0	2,054.370
5	Recoveries realized at the instance of Audit	0	0	0	0	0

*The amount in serial No.1 column of “Total Current Year” is the sum of Expenditures and Receipts whereas the total expenditure for the current year was Rs849.468 million.

Table 4: Irregularities pointed out

		(Rs. in million)
Sr. No.	Description	Amount under Audit observation
1	Violation of rules and regulations and principle of propriety and probity.	61.471
2	Reported cases of fraud, embezzlement, theft, misappropriations and misuse of public funds.	0
3	Quantification of weaknesses of internal controls system.	0
4	Recoveries, overpayments, or unauthorized payments of public money.	2,054.370
5	Non-production of record to Audit	166.579
6	Others, including cases of accidents, negligence etc.	261.986
Total		2,544.406

Note: Quantification of weaknesses of internal control systems is combination of financial controls (recoverables) and managerial controls, which becomes Rs2,054.370 million.

CHAPTER-1

1. TEHSIL MUNICIPAL ADMINISTRATIONS, BAHAWALPUR

1.1 INTRODUCTION

Tehsil Municipal Administration (TMA) consists of Tehsil Nazim, Tehsil NaibNazim and Tehsil Municipal Officer (TMO). Each TMA comprises five Drawing and Disbursing Officers i.e. TMO, TO (Finance), TO Infrastructure & Services (I&S), TO (Regulations), TO Planning & Coordination (P&C) and Tehsil Nazim and Tehsil NaibNazim. The main functions of TMA's are as follows:

- i. Prepare spatial plans for the Tehsil including plans for land use, zoning and functions for which TMA is responsible;
- ii. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations;
- iii. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils;
- iv. Propose taxes, cesses, user fees, rates, rents, tolls, charges, surcharges, levies, fines and penalties under Part-III of the Second Schedule and notify the same;
- v. Collect approved taxes, cess, user fees, rates, rents, tolls, charges, fines and penalties;
- vi. Manage properties, assets and funds vested in the Tehsil Municipal Administration;
- vii. Develop and manage schemes, including site development in collaboration with District Government and Union Administration;

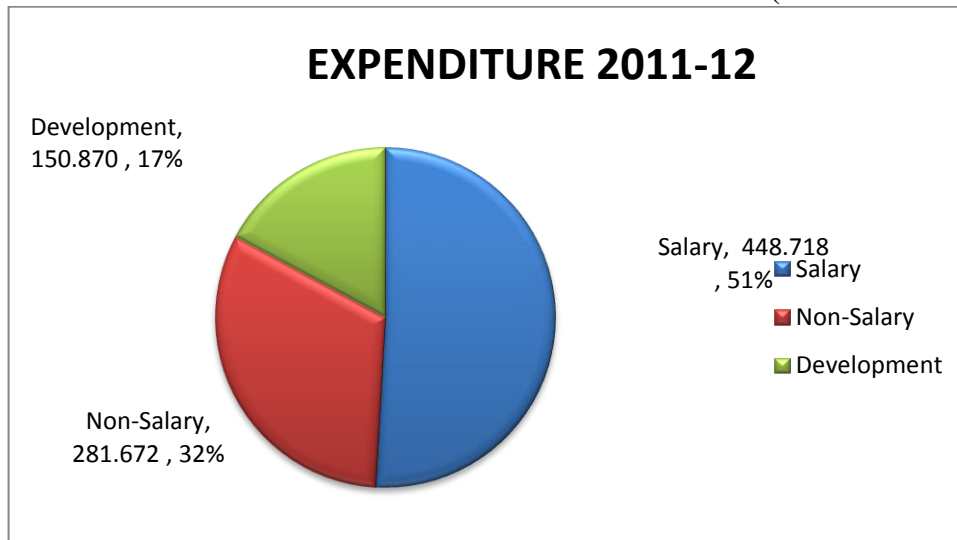
- viii. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice;
- ix. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction;
- x. Maintain municipal records and archives.

1.1.1 Comments on Budget and Accounts (Variance Analysis)

(Rs. in million)

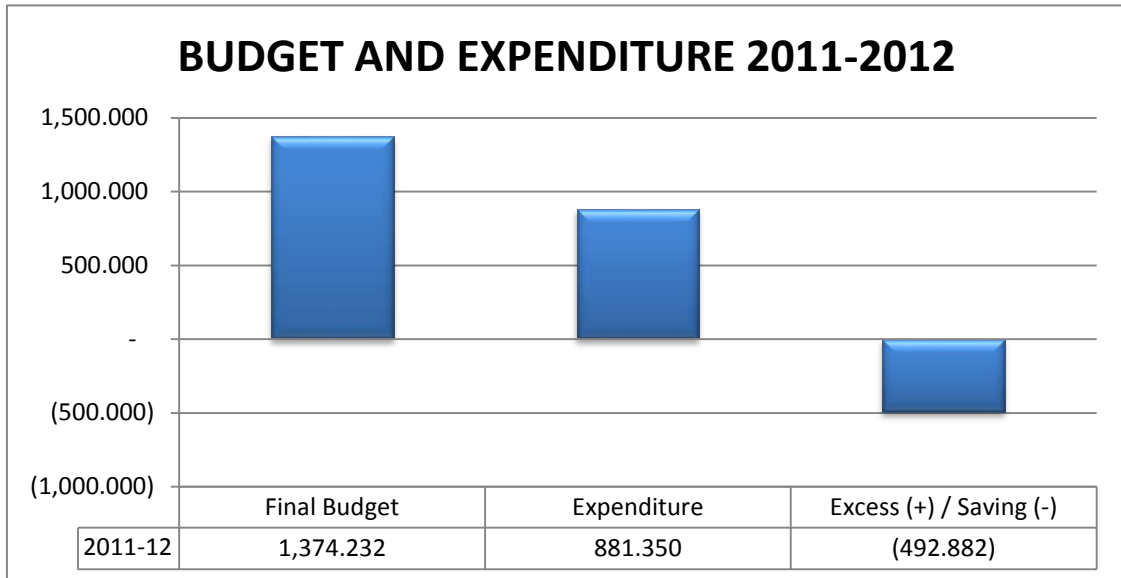
2011-12	Budget	Expenditure	Excess (+) / Savings (-)	% (Savings)
Salary	438.668	448.718	10.050	2.29%
Non-salary	385.754	281.762	-103.992	-26.96%
Development	549.810	150.870	-398.940	-72.56%
Total	1374.232	881.350	-492.882	-35.87%

(Rs. in million)



As per the budget books the expenditure relating to TMAs in District Bahawalpur was Rs881.350 million against original budget of Rs1,374.232 million. There was a saving of Rs492.882 million for which the reasons should be explained by the PAO, Tehsil Nazims and management of TMAs.

(Rs. in million)



The comparative analysis of the budget and expenditure of all three financial years is depicted as under:

AUDIT PARAS

1.2 TMA Bahawalpur (City)

1.2.1 Non Production of Record

1.2.1.1 Non Production of Record – Rs114.594 million

As per clause 14(1) of the Auditor General’s (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, 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 the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts. Furthermore, , according to Section 115(6) of Punjab Local Government Ordinance 2001, “All officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.”

TMO did not produce record of expenditure incurred/ revenue realized under different objects / codes of classification amounting to Rs114.594 million during 2011-12, in violation of above rule.

(Amount in Rupees)

Sr. No.	Description of record	Amount
1	Receipt books, bank statements, original files of property and / or other backup record necessary for assessment of tax, cross checking of receipts on account of transfer of immovable property.	45,803,775
2	Receipt books, tickets and other supporting record maintained by the contractors of collection rights.	39,987,911
3	Detail of legal cases, list of staff regularized, list of employees promoted, detail of CCB Schemes detail of new registered suppliers, detail of auction of shops, Survey conducted, detail of disciplinary proceedings, log book of vehicles, Performance Security Register, Arrears demand and collection register ,etc.	28,803,000
Total		114,594,686

Legitimacy of expenditure incurred / revenue earned could not be ensured due to non-production of record.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that requisite record is available and the same can be checked by any authority. The DAC in its meeting held during September, 2012, directed to get the record verified within two days.

No progress was intimated till finalization of this Report.

Audit recommends that desired record be produced for verification besides taking necessary action against the person(s) at fault, under intimation to Audit.

[AIR Paras: 9, 15 & 43]

1.2.2 Irregularities / Non Compliance

1.2.2.1 Unauthorized Expenditure on Contingent Paid Staff – Rs34.220 million

According to the Austerity Measures 2011-12 issued by the Finance Department, Government of the Punjab, no contingent paid staff shall be appointed without obtaining prior approval from the Austerity Committee constituted for this purpose.

TMO appointed contingent paid staff during 2011-12 without obtaining prior approval from the Austerity Committee and incurred expenditure of Rs34.220 million on their wages, in violation of above rules.

The irregularity occurred due to non-compliance of instructions of the government and violation of financial discipline.

Appointment of contingent paid staff without obtaining prior approval from the competent authority resulted into unauthorized expenditure of Rs34.220 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that TMA is an independent Local Government Institution as constituted under the Punjab Local Government Ordinance, 2001. The budgeting and financing of the TMA is therefore regulated by itself under the relevant financial rules. Therefore, there is no need to obtain prior approval of the Austerity Committee. Reply of the department was not tenable as the Austerity Measures were communicated to the LG&CD Department for strict compliance under which Government of the Punjab imposed ban on appointment of contingent paid staff. The DAC in its meeting held during March, 2012 directed to get the expenditure regularized from the competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularity be got condoned from the competent authority besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: - 05]

1.2.2.2 Irregular Expenditure due to Non-Compliance of PPRA Rules – Rs2.239 million

According to Rule 9 and 12(1) of the Punjab Procurement Rules 2009, 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 annual requirements thus determined would be advertised in advance on the PPRA's web site. Procurement opportunities over Rs 100,000 and up to Rs 2,000,000 shall be advertised on the PPRA's website in the manner and format specified by the PPRA from time to time.

TMO Bahawalpur (City) incurred expenditure of Rs2.239 million during 2011-12 on purchase of stationery and electric items etc. The expenditure was held irregular as the he procurement opportunities were not advertised on the website of PPRA and fair tendering process was avoided. Furthermore, , purchase committee was not constituted for verification of rates and quality etc.

(Amount in Rupees)

Sr.No.	Description	Amount
1	Purchase of stationery	408,267
2	Purchase of electric items and street lights	1,831,000
Total		2,239,267

The irregularities occurred due to non-compliance of procurement rules and violation of financial discipline.

Non-compliance of procurement rules resulted in undue favour to the venders of own choice and benefits of competitive bidding were not achieved

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that purchases were made after fulfillment of all codal formalities. The DAC in its meeting held during September, 2012 directed toget the expenditure regularized from the competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularity be got condoned from the competent authority besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Paras: 6 & 32]

1.2.3 Performance

1.2.3.1 Non-achievement of Targets of Receipts – Rs54.096million

According to rule 76 of the Punjab District Governments & TMA (Budget) Rules, 2003, the Collecting Officers shall ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund.

TMO Bahawalpur (City) fixed revenue target of Rs74.102 million for the year 2011-12 on account of different heads of receipts, but the relevant staff did not make due efforts to achieve the targets. As a result revenue targets of 73 % amounting to Rs54.096 million could not be achieved during the year. The detail is given at Annexure – B.

The loss occurred due to poor performance of the staff and lack of due diligence by the management.

Poor performance of the staff deputed for recovery resulted into loss of Rs54.096 million to the TMA.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that efforts are being made to recover arrears. The DAC in its meeting held during September, 2012 directed to take appropriate action against the person making false target and non achievement of these targets.

No progress was intimated till finalization of this Report.

Audit recommends loss of Rs54.096 million be recovered and deposited into relevant head of account besides taking disciplinary action against the person(s) making illogical targets, under intimation to Audit.

[AIR Para: 02]

1.2.4 Internal Control Weaknesses

1.2.4.1 Non Vacation of Encroached Property – Rs1,994.963 Million

According to rule 3(K) of the Punjab Local Govt. (Property) Rules, 2003, the manager / chairman shall be vigilant and check encroachments or wrongful occupants on property and in case there is any encroachment or wrongful occupation take necessary steps for the removal thereof.

TMO Bahawalpur (City) did not take appropriate action during 2011-12 to get more than 311 kanals of its land vacated from the persons who unlawfully occupied the property valuing Rs1,994.963 million approximately.

Improper control over assets resulted into encroachment of valuable property and hence loss to the government.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that the cases are under process with the Revenue Department and after decision appropriate action will be taken against the illegal occupants. The DAC in its meeting held during September, 2012 directed to properly pursue the cases for early finalization.

No progress was intimated till finalization of this Report.

Audit recommends properly pursuing the cases for early finalization besides getting land vacated from the illegal occupants at the earliest, under intimation to Audit.

[AIR Para: 25]

1.2.4.2 Loss due to Non Registration of Private Housing Schemes – Rs55.789 million

As per rule 4&38 of the Punjab Private Housing Schemes and Land Sub-division Rules 2010, the developer shall submit an application to the TMA, for seeking preliminary planning permission for a scheme before initiating any planning or development activity and shall pay the prescribed fee.

In jurisdiction of TMA Bahawalpur (City) 31 private housing schemes carried out development and marketing activities without registration, approval of schemes, map design and specifications. These schemes did not apply for the registration and

therefore did not pay the fee on account of registration and other prescribed requirements amounting to Rs55.789 million. TMO did not take appropriate action to stop unauthorized and unapproved development and marketing activities and did not carry out survey for compliance of Building for these housing schemes, in contravention to above referred rules of the government

Audit holds that illegal and unauthorized activities are not checked by the TMA and huge loss of revenue is caused to the public exchequer due to not taking appropriate action and recovery by TMA.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that notices have been served to owners of these housing schemes and some of them have started litigation. Fees will be recovered from these persons after decision of the court. The DAC in its meeting held during September, 2012 directed to recover remaining amount at the earliest.

No progress was intimated till finalization of this Report.

Audit recommends properly pursuing the court cases and recovery of balance amount from remaining owners of housing schemes, under intimation to Audit.

[AIR Para: 23]

1.24.3 Loss due to Non /Less Realization of Revenue and Arrears – Rs41.163 million

According to rule 76 of the Punjab District Governments & TMA (Budget) Rules, 2003, “the collecting officers should see that all revenue due is claimed, realized and checked against demands and that they are deposited into relevant head of account.”

TMO did not make due efforts during 2011-12 to recover / realize revenue of Rs41.163 million on account of rent of shops, water rates, license & permit fee, sewerage tax etc in violation of above rule. The detail is given below,

(Amount in Rupees)

Sr. No.	Particulars	Period	Amount
1	Sales of Goods, Taxes, Fees and rent of shops etc.	2011-12	36,672,615
2	Non auction of old dry trees	-do-	100,301
3	Rent of Land	-do-	78,750

	Water Charges		73,000
4	Sewerage Tax	-do-	176,500
	Water Rate	-do-	278,476
5	License and Permit Fee	-do-	477,800
6	Rent of Shops	-do-	2,994,792
7	Sale of used Mobil oil	-do-	311,200
Total			41,163,434

The loss occurred due to ineffective financial controls and laxity of the management.

TMA was facing financial hardships due to less realization of Government revenue worth Rs41.163 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. TMO replied that rent of land has been recovered and efforts are being made to auction dry trees and recover due amounts, whereas there are no instructions for sale of used Mobil oil. The DAC in its meeting held during September, 2012 directed to recover due amount and deposit into relevant head of account.

No progress was intimated till finalization of this Report.

Audit recommends that due amount be recovered and deposited into relevant head of account besides taking disciplinary action against the persons at fault, under intimation to Audit.

[AIR Paras: 01, 11, 18, 19, 21, 24 & 27]

1.2.4.4 Loss due to Non recovery of Temporary Advances – Rs3.380 million

According to rule 10.26 of PFR Vol-I, all advances are subject to adjustment by the Government servant securing them in accordance with the rules applicable in each case. Moreover, as per letter No. F.D(1-1)1-15/82-PI dated 17-01-2000, issued by the Finance Department, Government of the Punjab, the interest at bank rate may be recovered for the delayed period if amount due to Govt. was not recovered / deposited timely.

TMO Bahawalpur (City) granted temporary advances of Rs2.817 to 13 officers /officials during 2001-2012. Payment in advance was made to the staff for immediate disbursement / incurring expenditure for different purposes. The staff neither submitted

vouched accounts nor refunded the amount despite lapse of substantial period of time. TMO did not take action to recover the amount of Rs2.817 million and interest of Rs563,494 (approximately).

The loss occurred due to ineffective financial controls and negligence of the management.

Non recovery of due amount resulted into loss of Rs3.380 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that matter is being investigated and compliance will be shown very soon. The DAC in its meeting held during September, 2012 directed to recover the amount within 15 days.

No progress was intimated till finalization of this Report.

Audit recommends loss of Rs3.380 million be recovered and deposited into relevant head of account besides taking disciplinary action against the person(s) making illogical targets, under intimation to Audit.

[AIR Para: 20]

1.2.4.5 Loss due to Misuse of Fire Brigade and POL – Rs1.837 million

As per Gazette Notification of TMA dated 18.05.2006, fire brigade should not be used for any purpose other than to defuse fire.

TMO consumed POL of 18,579 liters during 2011-12 on three fire brigades out of which only 213 liters were spent on fire fighting and remaining 18,366 liters of POL costing Rs1.837 million were used for sprinkling and watering the houses of the different officers etc which was not justified and resulted in misuse of fire brigade and POL worth Rs1.837 million as water tankers with tractors were also being used for the same purpose. The detail is given below,

(Amount in Rupees)

Sr. No.	Fire Brigade #	POL consumed (Liter)	POL used to defuse the fire (Liter)	POL used for other purpose (Liter)	Rate per liter	Loss
1	Fire Brigade Bed Ford 1982	3,221	126	3,095	100	309,500
2	Fire Brigade FF 174 (1995)	6,987	87	6,900	100	690,000

3	Fire Brigade Hino 2009	8,371	0	8,371	100	837,100
Total		18,579	213	18,366		1,836,600

The loss occurred due to misuse of public resources and ineffective financial and managerial controls.

Misuse of fire brigade and expenditure thereof caused a loss of Rs1.837 million to the government.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that sprinkling was made as per cost approved by TMA amounting to Rs 400 per water tank. For the beautification and cleaning of city at the time of religious celebration i.e. Eid-ul-Fitar and EidMilad-un-Nabi etc. sprinkling were made with the orders of competent authority. Reply of TMO was not accepted as no substantiating evidence was produced in support of the reply. The DAC in its meeting held during September, 2012 directed to ensure compliance of audit directives i.e. to recover the loss at the earliest.

No progress was intimated till finalization of this Report.

Audit recommends that loss of Rs1.837 million be recovered and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: 33]

ANNEXURE

Annexure – I**(Rupees in million)**

Sr. No.	Para No.	Description	Amount	Nature
1.	08	Irregular expenditure on purchase of machinery – Rs 294,983	0.295	Violation of Rules
2.	12	Loss to Government – Rs 93,300 due to non recovery	.093	Violation of Rules
3.	13	Irregular award of contract of Rs 421,000 loss to Government – Rs 80,000	.421	Violation of Rules
4.	17	Misappropriation in the sale of sludge water – Rs 219,000	.219	Misappropriation
5.	28	Un-authorized payment of conveyance allowance Recovery of – Rs 298,040	.298	Violation of Rules
6.	29	Loss to Government due to purchase of POL at higher rates than the rates fixed by OGRA – Rs 187,584	.187	Violation of Rules
7.	31	Non payment / theft of electricity and un-authorized use of office generator recovery thereof – Rs 649,400	.649	Violation of Rules
8.	34	Doubtful expenditure on conducting of entry test – Rs 83,272	.083	Misappropriation
9.	35	Irregular expenditure on purchase of filters amounting to Rs 307,350	0.307	Violation of Rules
10.	36	Irregular expenditure on Mohram-ul-haram – Rs 548,303	.548	Violation of Rules
11.	37	Non deduction of Professional / Trade Tax amounting to Rs 72,000	.072	Violation of Rules

List of MEFDAC Paras**(Rupees in million)**

Sr. No.	Para No.	Description	Amount
1	03	Less fixation of targets to show efficiency of the staff – Rs 109,102,715	109.103
2	04	Non allocation of prescribed ration of funds to sports activities – Rs 9,057,106	9.057
3	07	Excessive Expenditure on Holiday Allowance – Rs 1.652 million	1.652
4	10	Irregular expenditure on purchase of fog machines – Rs 1,080,000	1.080
5	26	Irregular payment of HBA – Rs 2,245,000 and non completion of post audit of advances – Rs 5,062,468	2.245
6	38	Non conducting of post completion evaluation of completed development schemes – Rs 24.650 million	24.650
7	39	Irregular expenditure without preparing and approval of PC – 1 amounting to Rs 22.256 million	22.256
8	40	Irregular execution of work Rs 12.855 million and non obtaining Performance Security – Rs 1.345 million	12.855
9	41	Irregular advance payment without approval of Finance Department – Rs 1,043,906	1.044
10	42	Irregular expenditure on POL amounting to Rs 1,097,200	1.097

Annexure – B
[Para 1.2.3.1]

Non achievement of Targets

(Amount in Rupees)

Sr. No.	Particulars	Revised Budget 2011-12	Actual Receipts 2011-12	Less Realization	Percentage
1	Permit License Fee	926,200	443,063	483,137	52%
2	A.C Coaches / mini wagon stand fee	9,681,000	1,400,806	8,280,194	86%
3	Fine for Encroachment	300,000	6,536	293,464	98%
4	Fee for Slaughtering of Animals	800,000	744,086	55,914	7%
5	Sale of Bones of Animals	405,000	382,500	22,500	6%
6	Water Rate	1,500,000	1,342,660	157,340	10%
7	Sewerage Tax	1,500,000	1,201,299	298,701	20%
8	Public Latrines	2,281,000	2,241,810	39,190	2%
9	Fire Services	250,000	173,999	76,001	30%
10	Enlistment / Tender Form Fee	900,000	494,783	405,217	45%
11	Rent of Municipal Property	10,970,000	9,091,624	1,878,376	17%
12	Rent of property	1,700,000	383,464	1,316,536	77%
13	Rent of Shops with Arrears	42,889,515	2,099,468	40,790,047	95%
	Total	74,102,715	20,006,098	54,096,617	73%

1.3 TMA Yazman

1.3.1 Non Production of Record

1.3.1.1 Non Production of Record

As per clause 14(1) of the Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, 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 the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts. Furthermore, , according to Section 115(6) of Punjab Local Government Ordinance 2001, "All officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition."

TMO did not produce history sheets, income tax registers, registers for pending liabilities, detail of assets and encroached property etc as detailed below during 2010-12, in violation of above rule.

Sr. No.	Description of record
1	History Sheets, Income Tax Registers, Detail of any Fraud, Detail of Inquiry proceedings, Detail of Assets, Detail of Encroached Property and record of Professional Tax etc.
2	File index and Files Movement Register, Ordinary and Special Dairy Registers, Registers of destruction of Files, Registers for Pending Liabilities and Assets Condemnation Registers etc.

Legitimacy of expenditure incurred / revenue earned could not be ensured due to non-production of record.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that the requisite record is available and the same can be checked by any authority. The DAC in its meeting held during September, 2012, directed to get the record verified within two days.

No progress was intimated till finalization of this Report.

Audit recommends that desired record be produced for verification besides taking necessary action against the person(s) at fault, under intimation to Audit.

[AIR Paras: 44 & 47]

1.3.2 Irregularity / Non Compliance

1.3.2.1 Unauthorized Expenditure on Contingent Paid Staff – Rs9.408 million

As per Finance Department letter No. F.D SO (G-I) 6-40-2009 dated 18.07.2009 and No. FD.SO (Goods) 44-4/2010 dated 09.08.2010 “No contingent paid staff shall be appointed without obtaining prior approval from the Finance department. Furthermore, , appointment of contingent paid staff was banned as per austerity measures 2010-11.

TMO Yazman appointed 35 persons as contingent paid staff during 2011-12 without obtaining prior approval from the Finance Department, Government of the Punjab and the Austerity Committee, and incurred an expenditure of Rs9.408 million on their wages, in violation of above rules.

The irregularity occurred due to non compliance of financial discipline and negligence of the management.

Appointment of contingent paid staff without prior approval of the competent authority resulted in unauthorized expenditure of Rs9.408 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that TMA Yazman has written for prior approval to the Finance Department and action will be taken under Government instructions if any. But no documents were shown to audit in support of the reply. The DAC in its meeting held during September, 2012 directed to get the expenditure regularized from the competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularity be got condoned from the competent authority besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: - 15]

1.3.2.2 Unauthorized Expenditure on Purchase of Durable Goods – Rs2.128 million

As per Para No. (vii) of the Austerity Measures for the year 2010-11, issued by the Finance Department, Government of the Punjab vide letter No. FD.SO (GOODS)/44-4/2010 dated 9-08-2010, “Procurement of items of machinery and equipments including I.T equipments, printer, fax machine, photocopier, generators, air conditioners, furniture, fixture and luxury items etc. shall not be allowed except with the prior concurrence of the Austerity Committee constituted for this purpose”.

TMO Yazman incurred expenditure of Rs2.128 million during 2010-12 on purchase of Machinery and Furniture & Fixture, without obtaining prior approval from the Austerity Committee in violation of above instructions.

(Amount in Rupees)

Sr. No.	Particulars	No. of Bills	Period	Amount
1	Purchase of Machinery and Furniture & Fixture	14	2010-11	236,258
2	Purchase of Durable Items	04	-do-	917,213
3	Purchase of Tractor &Trolley	01	-do-	975,000
Total				2,128,471

The irregularity occurred due to non compliance of financial discipline and negligence of the management.

Procurement of durable items during the period of ban resulted into excess financial burden on the economy and unauthorized expenditure of Rs2.128 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that necessary purchases were made for office requirements with the prior approval of competent authority and all payments were made under the rules. Furthermore, no ban was imposed by the Government on purchase of Sanitation Machinery. The DAC in its meeting held during September, 2012 directed to get the expenditure regularized from the competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularity be got condoned from the competent authority besides initiating disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Paras: 18, 24 & 25]

1.3.2.3 Unauthorized Expenditure on Purchase of Electric Motors, Stationery and Printing – Rs1.114 million

According to Rule 9 and 12(1) of the Punjab Procurement Rules 2009, 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 annual requirements thus determined would be advertised in advance on the PPRA's web site. Procurement opportunities over Rs. 100,000 and up to Rs 2,000,000 shall be advertised on the PPRA's website in the manner and format specified by the PPRA from time to time.

TMO Yazman incurred expenditure of Rs1.114 million on purchase of Electric Motors, Stationery & Printing during 2010-12. The expenditure was incurred without advertising the annual requirement on PPRA website and avoiding the fair tendering process. Furthermore, Purchase Committee was also not constituted in violation of above rules.

(Amount in Rupees)

Sr. No.	Particulars	No. of Cases	Period	Amount
1	Purchase of Electric Motors	02	2010-11	872,350
2	Purchase of Stationery & Printing	09	-do-	241,810
Total				1,114,160

The above irregularity occurred due to violation of procurement rules.

Above action of the management resulted into irregular procurements and undue favor to venders of own choice. As a result, benefits of competitive bidding could not be obtained.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that Electric Motors were purchased with the approval of Administrator who has powers of Tehsil Council. Furthermore, Stationery

&Printing items were purchased from private supplier with the approval of manager Government Printing Press Bahawalpur as the same were not available in the printing press. The DAC in its meeting held during September, 2012 did not accept the reply of the department as the advertisement was not made on PPRA website and it directed to get the expenditure regularized from competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularity be got condoned from the competent authority besides initiating disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Paras: 41 & 20]

1.3.3 Internal Control Weaknesses

1.3.3.1 Loss due to Non /Less Realization of Revenue and Arrears – Rs24.967 million

According to rule 76 of the Punjab District Governments & TMA (Budget) Rules, 2003, “the collecting officers should see that all revenue due is claimed, realized and checked against demands and that they are deposited into relevant head of account.”

TMO Yazman did not make due efforts during 2010-12 to recover / realize revenue of Rs24.967 million on account of water rates, sewerage tax, rent of shops, license and permit fee etc in violation of above rule. The detail is given below

(Amount in Rupees)

Sr. No.	Particulars	Period	Amount Due	Amount Recovered	Less Realization
1	Sewerage Tax	2010-11	320,240	121,350	198,890
		2011-12	340,420	199,750	140,670
	Water Rates	2010-11	2,237,040	913,902	1,323,138
		2011-12	2,272,800	1,067,604	1,205,196
	Rent of Shops	2010-11	5,955,366	3,782,745	2,172,621
		2011-12	6,550,902	5,333,740	1,217,162
2	Permit & License Fee	2010-11	895,100	721,400	173,700
		2011-12	1,434,900	1,182,700	252,200
3	Rent of Shops	2010-12	-	-	0
4	Cost of Land & Development Charges	2010-12	-	-	18,283,495
Total					24,967,072

The loss occurred due to ineffective financial controls and laxity of the management

Above action of the management resulted in short collection of revenue amounting to Rs24.967 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that due to litigation cases recovery was effected however, the same will be recovered in next financial year. Furthermore, instructions regarding cost of Land and Development Charges noted for strict compliance. The

DAC in its meeting held during September, 2012 directed to recover the amount and deposit it in the relevant head of account.

No progress was intimated till finalization of this Report.

Audit recommends that the stated amount be recovered from deposited into relevant head of account besides taking disciplinary action against the persons at fault, under intimation to Audit.

[AIR Paras: 07, 08, 16 & 42]

1.3.3.2 Loss due to Auction at less than Reserve Price – Rs4.446 million

As per rule 11(1) of the Punjab Local Government (Auctioning of Collection Rights) Rules, 2003, “The bid received in open auction; if less than reserve price shall be rejected by the Nazim concerned or the person authorized by him in all cases and the contract shall be re-auctioned in the prescribed manner”.

TMO Yazman fixed reserve price of Rs28.890 million for auctioning of different facilities, but the said rights were auctioned for Rs24.443 million in violation of above rule, which resulted into loss of Rs4.446 million during 2007-12.

(Amount in Rupees)

Sr. No.	Head of Account	Reserve Price	Auction Price	Recovery
	Financial Year 2007-08			
1	Cattle Mandi	3,850,000	3,612,000	238,000
	Disposal Works	467,500	120,000	347,500
	Financial Year 2008-09	0	0	0
2	Cattle Mandi	4,235,000	3,970,200	264,800
	Disposal Works	514,250	200,000	314,250
	Financial Year 2009-10	0	0	0
3	Cattle Mandi	4,658,500	4,040,000	618,500
	Disposal Works	565,675	270,000	295,675
	Advertisement Fee	412,500	217,000	195,500
	Slaughter House Fee	126,251	105,000	21,251
	Financial Year 2010-11	0	0	0
4	Cattle Mandi	5,124,350	4,500,000	624,350
	Disposal Works	622,243	512,000	110,243
	Parking Fee at Bus Stand	919,600	882,500	37,100
	Advertisement Fee	453,750	240,000	213,750
	Slaughter House Fee	138,877	83,390	55,487

5	Financial Year 2011-12	0	0	0
	Cattle Mandi	5,636,785	4,705,000	931,785
	Parking Fee at Bus Stand	1,011,560	900,000	111,560
	Slaughter House Fee	152,764	86,150	66,614
Total		28,889,605	24,443,240	4,446,365

The loss occurred due ineffective financial controls.

Auction of collection rights at less than reserve price caused a loss of Rs4.446 million to the Government.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that no contract was auctioned less than reserve price. The DAC in its meeting held during September, 2012, did not agree with the reply as the department failed to produce documentary evidence in support of their reply.

No progress was intimated till finalization of this Report.

Audit recommends that stated amount be recovered and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para:-6]

1.3.3.3 Abnormal Delays in Completion of Work and Non-Imposition of Penalty – Rs1.466 million

As per clause 2 of contract agreement, the contractor shall pay, as compensation, an amount equal to one percent of the amount of the contract subject to the maximum of 10% or such smaller amount as the Engineer In charge may decide, for delay in completion of work. Furthermore, as per clause 37 of the contract agreement, the contractor shall apply in writing for time extension, thirty days before the due date of completion, if there are unavoidable circumstances and the work may be delayed

The contractors of TMA did not work with the desired pace and abnormally delayed completion of 10 development projects as detailed below. The TMO did not take appropriate action to improve the pace of work. The contractors were also granted undue favor and penalty @ 10 % of contract price was not imposed to the concerned contractors despite the fact that they were neither granted time extension nor their requests for the same were on record and in some cases the time extension was granted

on un-justified reasons, which resulted in loss/over payment of Rs1,466 million during 2010-12.

(Amount in Rupees)

Sr. No.	Particulars	Estimated cost	Due date of Completion	Actual Date of completion	Penalty
1	Construction of Metal Road from Shahi Wala Road to Chak No. 46 / DNB	1,698,000	30.04.11	15.11.11	169,800
2	Construction of Metal Road Chak No. 34 / DNB	1,600,000	06.05.11	23.09.11	160,000
3	P/L 6 Dia PVC Pipe from Fort Abbas Road to overhead Water Tank	3,289,000	21.08.11	15.09.11	328,900
4	Construction of Soling Metal Road Chak No. 88 / DB to Chak No. 89 DB	1,000,000	06.05.11	25.06.11	100,000
5	Construction of soling and re-soling from Chak No. 68 DB to Basti Pawalian	1,400,000	06.05.11	04.07.11	140,000
6	Construction of soling Chak No. 32 DNB to Chak No. 41 DNB Masjid	1,703,000	30.04.11	20.05.11	170,300
7	Construction of soling Chak No. 5 DNB	190,000	10.03.11	15.06.11	19,000
8	Construction of Soling Metal Road Yazman Bahawalpur Road to 56 DB-B	1,039,000	22.06.11	29.07.11	103,900
9	Construction of Soling Minority Colony Chak No. 113 DNB	1,047,000	30.04.11	27.06.11	104,700
10	Construction of Shed and metal road in General Bus Stand Yazman	1,700,000	30.04.11	16.06.11	170,000
Total					1,466,600

The loss occurred due to ineffective internal controls.

Undue favour to the contractors resulted into abnormal delays in completion of development projects and loss of Rs1.466 million due to non-imposition of penalty.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that due to non clearance of sites / hurdles from public works have been delayed. The DAC in its meeting held during September, 2012 directed to recover the remaining amount from the concerned at the earliest.

No progress was intimated till finalization of this Report.

Audit recommends that stated amount be recovered from the concerned and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: 27]

ANNEXURE

Annexure – I

(Rupees in Million)

Sr. No.	Para No.	Description	Amount (Rs)	Nature
1	09	Irregular purchase of sludge pump and payment of contractor profit – Rs 364,475	0.364	Violation of Rules
2	11	Un-authorized payment of House Rent Allowance los to Government – Rs 93,144	.093	Violation of Rules
3	12	Un-authorized payment of conveyance allowance loss to Government – Rs 178,800	.179	Violation of Rules
4	13	Un-authorized drawl of additional salary during off days of week – Rs 222,576	.223	Violation of Rules
5	14	Bogus repair of vehicles – Rs 186,427	.186	Misappropriation
6	17	Bogus expenditure on repair of machinery – Rs 718,782	.719	Misappropriation
7	19	Irregular purchase of batteries – Rs 61,279 of 8784	0.061	Violation of Rules
8	21	Irregular expenditure on purchase of tyres – Rs 184,880	.185	Violation of Rules
9	23	Un-justified expenditure on different occasion of – Rs 442,931	.443	Violation of Rules
10	29	Un-authorized use of office electricity & generator in residences of officers / officials loss to Government – Rs 248,800	.249	Violation of Rules
11	30	Loss to Government due to not deducting shrinkage charges amounting to Rs 242,102	.242	Violation of Rules
12	31	Irregular purchase & expenditure of electricity items – Rs 213,984	.214	Violation of Rules
13	37	Payment instead of substandard and against quotation work – Rs 575,424	.575	Violation of Rules
14	39	Irregular purchase and consumption of general store items – Rs 358,899	.359	Violation of Rules

Annexure – A**List of MFDAC Paras****(Rupees in Million)**

Sr. No.	Para No.	Description	Amount (Rs)
1	01	Non obtaining of securities & guarantees, non recovery of dues & difference further auction on less amount – Rs 2.050 million	2.05
2	06	Loss to Government due to auction or collection less than reserve price – Rs 4.457 million	4.457
3	26	Irregular expenditure on sports activities – Rs 1.020 million	1.02
4	28	Incurrence of expenditure without obtaining Lab Test Reports of the materials consumed – Rs 19.076 million	19.076
5	33	Irregular tendering – Rs 51.284 million	51.284
6	35	Irregular re-appropriation of CCB Funds – Rs 69.645 million	69.645
7	36	Doubtful expenditure due to completion within short period – Rs 1.877 million	1.877

1.4 TMA Khairpur Tamewali

1.4.1 Non Production of Record

1.4.1.1 Non Provision of Record –Rs21.291 million

According to clause 14 (1) of the Auditor General’s (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, “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 the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts. Furthermore, , according to section 115(6) of the Punjab Local Government Ordinance 2001 “All officials shall afford all facilities and provide record for audit inspection and comply with the requests for information in as complete a form as possible and with all reasonable expedition.

TMO KhairPurTamewali received and deposited Rs21.291 million during 2010-12 on account of tax on transfer of immovable property. Supporting record essential for calculation / verification of amount of tax i.e. agreement deeds, value and location of property, calculation of amount etc were not produced to audit for verification, in violation of above rule.

Non production of record may lead to doubts of misappropriation and fraud. Legitimacy of expenditure could not be ascertained due to non production of record.

The matter was reported to the TMO and Administrator of the TMA during the month of September, 2012. The TMO replied that the supporting record is property of Revenue department. TMA deputed two recovery officers for cross checking/ verification of record. Reply of the TMO was not acceptable as no record was produced to audit for verification. The DAC in its meeting held during September, 2012 directed to get record verified within three days.

No progress was intimated till finalization of this Report.

Audit recommends that the desired record be produced for verification and necessary action be initiated against the person(s) at fault, under intimation to Audit.

[AIR Para: 07]

1.4.2 Irregularities / Non Compliance

1.4.2.1 Unauthorized Expenditure on Contingent Paid Staff – Rs2.319 million

According to letters No.F.D SO (G-I) 6-40-2009 dated 18.07.2009 and No. FD.SO (Goods) 44-4/2010 dated 09.08.2010, issued by the Finance Department, Government of the Punjab, no contingent paid staff shall be appointed without obtaining prior approval from the Austerity Committee.

TMO KhairPurTamewali appointed contingent paid staff during 2010-12 without obtaining prior approval from the Finance Department, Government of the Punjab and the Austerity Committee, and incurred expenditure of Rs2.319 million on their wages in violation of above rules.

The irregularity occurred due to non-compliance of instructions of the government and violation of financial discipline.

Appointment of contingent paid staff without obtaining prior approval from the competent authority resulted into unauthorized expenditure of Rs2.319 million.

The matter was reported to the TMO and Administrator of the TMA during September, 2012. The TMO replied that municipal and sanitation services are within the powers of TMA and there is no need for obtaining approval of the government for recruitment of contingent paid staff. Reply of department was not accepted as the Austerity Measures were also communicated to the LG&CD Department and TMA could not incur expenditure beyond its jurisdiction. The DAC in its meeting held during September, 2012 directed to get the expenditure regularized from competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularities be got condoned from the competent authority besides initiating disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Paras: 15]

1.4.2.2 Irregular Expenditure due to Non-Compliance of PPRA Rules – Rs2.123 million

According to Rule 9 and 12(1) of the Punjab Procurement Rules 2009, 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 annual requirements thus determined would be advertised in advance on the PPRA's web site. Procurement opportunities over Rs 100,000 and up to Rs 2,000,000 shall be advertised on the PPRA's website in the manner and format specified by the PPRA from time to time.

TMO KhairPurTamewali incurred expenditure of Rs2.123 million during 2011-12 on purchase of durable goods. The expenditure was held irregular as the procurement opportunities were not advertised on the website of PPRA and fair tendering process was avoided. Furthermore, Purchase Committee and Technical Committee were not constituted for verification of rates and quality etc. In addition to this, approval was not obtained from the Austerity Committee before purchasing durable goods as there was ban on incurring such expenditure. The detail is given below:

(Amount in Rupees)

Sr. No.	Description	Quantity	Invoice No. / date	Name of supplier	Amount
1	Purchase of gas mask and oxygen cylinder	01	-- 06.02.12	Hairo International	925,000
2	Purchase of diesel generator 15 KVA	01	3212 12.06.12	Milat Tractors Limited	800,000
3	Purchase of Hand Carts	15	16 28.06.12	Rehman Traders and General Order Supplier	398,028
Total					2,123,028

The irregularities occurred due to non-compliance of procurement rules and violation of financial discipline.

Non-compliance of procurement rules resulted in undue favour to the vendors of own choice and benefits of competitive bidding were not achieved.

The matter was reported to the TMO and Administrator of the TMA during September, 2012. TMO replied that there is no practice in Tehsil Municipal Administration to observe instructions of Purchase Manual etc. The reply of the

department was not accepted because the department violated the provisions of the Punjab Procurement Rules 2009. The DAC in its meeting held during September, 2012 directed to get the expenditure regularized from competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularity be got condoned from the competent authority besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: 13]

1.4.2.3 Loss Due to Unauthorized Payment of “Holiday Allowance”- Rs1.304 million

According to Government of the Punjab S&GAD Department letter No. SOGIV (SA) Misc.- 04/94, dated 02.06.1994 read with letter No. SOW– I (S&GAD) I-3/2008 (PL), dated 12.05.2010 “ the officials posted for provision of essential services like water and sanitation may be arranged in such a way that these services are continuously provided to the General Public during all the seven days and weakly rest may be allowed to them on rotation basis. Furthermore, rule 2.31 of PFR Vol-I, states that, a drawer of bill for pay, allowance, contingent & other expenses will be held responsible for any over charges, frauds and misappropriations.

TMO KhairPurTamewali incurred expenditure of Rs1.304 million during 2010-12 on “Holiday Allowance” to 1/4th employees of TMA including drivers, peon and other staff who were not entitled to receive that allowance, which resulted in excessive expenditure of Rs1.304 million.

The loss occurred due to ineffective financial and managerial controls.

Above action of the management resulted in excessive expenditure of Rs1.304 million.

The matter was reported to the TMO and Administrator of the TMA during September, 2012. The TMO replied that there is shortage of staff for emergency services, therefore officials from other branches were deputed for the essential services, and hence no irregularity was committed by the department. The reply was not accepted as the holiday allowance was not permissible to the regular employees. The

DAC in its meeting held during September, 2012, did not agree with the reply as holiday allowance was not permissible to regular employees and it directed to get the expenditure regularize from competent authority.

No further progress was intimated till finalization of this Report.

Audit recommends that stated amount be recovered from the concerned and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: - 8]

1.4.3 Internal Control Weaknesses

1.4.3.1 Loss due to Non Auction of Agriculture Land etc -Rs34.440 Million

According to rule 76 of the Punjab District Governments & TMA (Budget) Rules, 2003, the collecting officers should see that all revenue due is claimed, realized and checked against demands and that they are deposited into relevant head of account.

TMO KhairpurTamewali did not auction 94 acres of agriculture land, canteen and shops since 2008, which resulted into loss of revenue of Rs34.44 million approximately to the government during the period. The detail is given below:

(Amount in Rupees)

Sr. No.	Description	Area / Quantity	Approximate Rent	Period	Amount
1	Lot No. 2	55 acres	120,000 per annum	2009-2012	1,9800,000
2	Lot No.4	40 acres	120,000 per annum	2009-2012	1,4400,000
3	Canteen TMA Park	01	5000 per month	2008-2012	240,000
Total					34,440,000

The loss occurred due to ineffective financial and managerial controls and willful negligence of management.

Government sustained loss of due to non auction of agricultural land and shops amounting to Rs34.440 million.

The matter was reported to the TMO and Administrator of the TMA during September, 2012. TMO replied that land was not re-auctioned as the previous contractor who took the land on lease filed a suit in Civil Court Bahawalpur regarding possession of land, but no documentary evidence regarding Civil Suit and Government instructions was shown to audit in support of the reply. The DAC in its meeting held during September, 2012 requested the Administrator of the TMA to inquire into the matter keeping in view that approximate value of the land was Rs190 million. TMA could have realized interest of Rs28.50 million per annum by selling the land and keeping the amount in bank.

No progress was intimated till finalization of this Report.

Audit recommends that the inquiry proceedings be finalized at the earliest, court cases be pursued actively and stated amount be recovered from the concerned and

deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: 4]

1.4.3.2 Loss due to Non /Less Realization of Revenue and Arrears – Rs10.847 million

According to rule 76 of the Punjab District Governments & TMA (Budget) Rules, 2003, the collecting officers should see that all revenue due is claimed, realized and checked against demands and that they are deposited into relevant head of account.

TMO KhairpurTamewali did not make due efforts during 2010-12 to recover / realize revenue and arrears of revenue worth Rs10.847 million on account of license & permit fee, development charges from katchiabadis, conversion fee etc. The detail is given below:

(Amount in Rupees)

Sr. No.	Description	Period	Shortfall
1	Conversion Fee	2010-12	3,461,000
2	License and Permit Fee		1406960
3	Development Charges		4,823,028
4	Arrears		1,157,000
	Total		10,847,988

The loss occurred due to ineffective financial controls and laxity of the management.

TMA was facing financial hardships due to less realization of Government revenue worth Rs10.847 million.

The matter was reported to the TMO and Administrator of the TMA during September, 2012. TMO replied that some cases are under trails in the Civil Courts and efforts are being made to recover balance amount. License / permit fee could not be recovered as those business units were not included in the schedule. Reply of the department was not tenable as the TMA staff did not perform well to recover the due amounts as a result amount of arrears / irrecoverable balances was increasing day by day. The DAC in its meeting held during September, 2012 directed to actively pursue

the court cases, recover the amount from remaining defaulters and get the business units included in the schedule.

No progress was intimated till finalization of this Report.

Audit recommends actively pursuing the court cases, recovering amount from remaining defaulters, getting all the business units included in the schedule besides taking disciplinary action against the person at fault, under intimation to Audit.

[AIR Para: 5, 6, 9, 22]

1.4.3.3 Loss due to Less Realization of Revenue– Rs1.093 million

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

TMO KhairpurTamewali auctioned the collection rights at General Bus Stand for Rs2.034 million during 2008-09. Instead of auctioning the rights at higher rates, self collection of Rs1.764 million and Rs1.725 million was shown made during 2009-10 and 2010-11 and the rights were granted for Rs1.842 million during 2011-12, which was less than income of 2008-09. The situation indicated a loss of Rs1.093 million during 2009-12 as at least 10 % increase in revenue was desired than preceding year's revenue. The detail is given below:

(Amount in Rupees)

Sr. No.	Year	Mode of Collection	Actual Income	Income To Be	Shortfall
1	2008-09	Contract	2,034,025	-	-
2	2009-10	Self Collection	1,764,810	1,941,291	176,481
3	2010-11	Self Collection	1,525,000	2,135,420	410,420
4	2011-12	Contract	1,842,000	2,348,962	506,962
Total					1,093,863

The loss occurred due ineffective financial controls.

Government sustained loss due to short collection of revenue

The matter was reported to the TMO and Administrator of the TMA during the month of September, 2012. The TMO replied that due efforts were made for auction at

rates above reserved price, but no contractor was willing to pay more than reserve price and as a result TMA apply all its sources for self collection. The DAC in its meeting held during September, 2012 did not agree with the reply and it directed to enquire the matter by the Administrator and submit report within one week.

No progress was intimated till finalization of this Report.

Audit recommends either to get the loss written off from the competent authority or the stated amount be recovered from the concerned and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to audit.

[AIR Para: 10]

1.4.3.4 Loss Due To Non Renewal of Lease Agreements – Rs1.008 Million

According to the letter No.S-III/2-11/80 dated 07.07.1982 issued by the LG&CD Department, Government of the Punjab, after expiry of five years the terms and conditions of extension of lease may be resettled between the lessees and local council concerned by negotiation keeping in view the prevalent rent of such shops. If the conditions of negotiation are not acceptable to the lessees or parties concerned fail to arrive at any agreeable decision, the shops should be re-auctioned according to prescribed procedure. Moreover, according to rule 16 (a)(b) of chapter-V of the Punjab Local Governments (Property) Rules 2003, the immovable property shall be given on lease through competitive bidding and the period of such lease shall be allowed up to five years at a time

TMO KhairpurTamewali allotted on lease 28 shops to different persons during 2003 for a period of 05 years. The lease period was expired on 20.08.2008 but the shops were neither re-auctioned through competitive bidding nor were the rent re-fixed as per prevailing market rates, in violation of above rules, which resulted into loss of Rs1.008 million approximately.

The loss occurred due to ineffective financial and managerial controls and willful negligence of management.

Due to non renewal of lease agreement and non-recovery of rent due an unprecedented loss of revenue amounting to Rs1.008 million was caused to the public exchequer.

The matter was reported to the TMO and Administrator of the TMA during September, 2012. TMO replied that rent of shops was collected at an increase rate as per Government instructions and no amount is overdue. Reply of the TMO was not acceptable as average rent of Rs 250 / month per shop was being collected which was much less than prevailing market rates. The DAC in its meeting held during September, 2012 directed that rent of shops be re-fixed and loss be got written off from competent authority.

No progress was intimated till finalization of this Report.

Audit recommends that stated loss be recovered from the concerned and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: 1]

ANNEXURE

Annexure – I
(Rupees in Million)

Sr. No.	Para No.	Subject	Amount	Nature
1	2	Loss to Government due to non auction / lease of shops / plots Rs 65,000	.065	Violation of Rules
2	11	Loss to Government due to bogus drawl of POL Rs 193,237	.193	Misappropriation
3	12	Loss to Government Rs 278,730 due to misappropriation / miss-use of the fire brigade	.279	Misappropriation
4	14	Non deduction / collection of professional tax – Rs 181,000	.181	Violation of Rules
5	17	Loss to Government due to non allotment of residences worth Rs 262,968 + 5% M&R + Electricity bill Rs 2,808	.263	Violation of Rules
6	18	Irregular expenditure on repair of vehicle / purchase of different items Rs 115,315	0.115	Violation of Rules
7	19	Irregular expenditure on sports activities – Rs 124,352	.124	Violation of Rules
8	20	Irregular expenditure on purchase of fog machine – Rs 360,000	.36	Violation of Rules
9	21	Loss to Government Rs 443,514 due to willful protection / undue favour to M/s Akhtar & Company	.443	Violation of Rules
10	25	Non completion of compaction certificate and non deduction of shrinkage charges	0	Violation of Rules

Annexure – A**List of MFDAC Paras****(Rupees in Million)**

Sr. No.	Para No.	Subject	Amount	
1	3	Loss to Government due to non achievement of targets. Loss of revenue Rs 9,499,540	9.499	Violation of Rules
2	7	Receipt of Rs 21.291 million on account of Transfer of Immovable property without backup record.	21.291	Violation of Rules
3	8	Irregular / un-justified payment of Holiday allowance – Rs 1.304 million	1.304	Violation of Rules
4	24	Expenditure without obtaining lab test reports – Rs 18.321	18.321	Violation of Rules

1.5 TMA Hasilpur

1.5.1 Non Production of Record

1.5.1.1 Non Production of Record – Rs30.694 million

As per clause 14(1) of the Auditor General’s (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, 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 the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts. Furthermore, , according to Section 115(6) of Punjab Local Government Ordinance 2001, “All officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.”

TMO Hasilpur did not produce record of expenditure of Rs30.694 million incurred during 2010-12, under different objects / codes of classification, in violation of above rule. The detail is given below:

(Amount in Rupees)			
Sr. No.	Description of expenditure	Period	Amount
1	Development expenditure	2010-11	17,963,768
		2011-12	9,434,823
2	Repair and maintenance of machinery and equipment	2011-12	3,296,396
	Total		30,694,987

Non production of record may lead to doubts of misappropriation and fraud. Legitimacy of expenditure could not be ascertained due to non production of record.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. TMO replied that due to the month of Ramadan all the officers and officials were busy in the management of RamazanSasta Bazar and RamazanDasterKhawan, due to which the matter could not be managed properly. However, all the requisite record is ready which can be presented for perusal at any time. The DAC in its meeting held during September, 2012 directed to get the record verified within a week.

No progress was intimated till finalization of this Report.

Audit recommends that desired record be produced for verification, besides initiating necessary action against the person(s) at fault, under intimation to Audit.

[AIR Paras: 8 & 33]

1.5.2 Irregularities / Non Compliance

1.5.2.1 Irregular Expenditure due to Avoidance of Fair Tendering Process – Rs3.976 million

According to rule 13 of the Punjab Procurement Rules 2009, “at least 15 days response time be allowed to the bidders from the date of advertisement to the date of receiving tenders / quotations to attract the real bidders / contractors.”

TMO Hasilpur incurred expenditure of Rs3.976 million on purchase of machinery and equipment during 2011-12 without allowing sufficient response time to the bidders, as a result fair competition among the suppliers could not take place. The detail is given below,

(Amount in Rupees)

Sr. No.	Particulars	Date of Advertisement	Date of Receipt of Tenders	Time Allowed	Expenditure
1	Purchase of Fog Machine	30.09.11	08.10.11	08 Days	720,000
2	Purchase of sludge pump, water boozzer, gas mask, hydraulic trolley etc	19.10.11	26.10.11	06 Days	3,256,756
Total					3,976,756

The irregularity occurred due to non-compliance of procurement rules.

Fair competition among the suppliers could not take place due to very short response time and benefits of competitive bidding could not be achieved.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. TMO replied the advertisement is sent to the Director Public Relations, for publication in newspapers with a sufficient gape of time. But no documentary evidence was provided in support of reply. The DAC in its meeting held during September, 2012 directed to get the irregularity condoned from competent authority at the earliest.

No progress was intimated till finalization of this Report.

Audit recommends that the irregularity be got condoned from competent authority besides fixing responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 34]

1.5.2.2 Unauthorized Expenditure on Holiday Allowance – Rs2.614 million

According to Government of the Punjab S&GAD Department letter No. SOGIV (SA) Misc.- 04/94, dated 02.06.1994 read with letter No. SOW– I (S&GAD) I-3/2008 (PL), dated 12.05.2010 “the officials posted for provision of essential services like water, sanitation and fire brigade were allowed Holiday Allowance.”

TMO incurred expenditure of Rs2.614 million during 2010-12 on “Holiday Allowance” and payment was made to drivers, peon and other staff members who were not specified in the above referred letter and were not entitled to receive said allowance.

The irregularity occurred due to ineffective financial and managerial controls.

Unauthorized expenditure resulted into loss of Rs2.614 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that the jurisdiction of TMA has been extended at Tehsil level but the working strength is same which is not enough. Therefore, it is not possible to depute the employees on rotation basis. Due to the reason the employees of different cadres are deputed in the gazette / closed holidays and overtime allowance has been granted in accordance with the Government of the Punjab Letter No. SO-IV (LG) 7-5/2001 dated 21.06.2001. Reply of the TMO was not tenable as the allowance was not allowed to any person other than specified in the above referred letter. The DAC in its meeting held during September, 2012 directed to recover the amount at the earliest.

No progress was intimated till finalization of this Report.

Audit recommends that stated amount be recovered from the concerned and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to audit.

[AIR Para: 1]

1.5.3 Performance

1.5.3.1 Non-achievement of Targets of Receipts – Rs16.200 million

According to Rule 76 of the Punjab District Governments & TMA (Budget) Rules, 2003, the Collecting Officers shall ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund.

TMO Hasilpur fixed revenue target of Rs40.635 million for the years 2010-11 and 2011-12 on account of different heads of receipts, but the relevant staff did not make due efforts to achieve the targets. As a result revenue targets amounting to Rs16.200 million (40 %) could not be achieved in violation of above rule. The detail is given at Annexure – B.

The loss occurred due to poor performance of the staff and lack of due diligence by the management.

Poor performance of the staff deputed for recovery resulted into loss of Rs16.200 million to the TMA.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that budget amount of same nature mentioned in para is purely a targeted amount which could be achieved or otherwise. However, TMA uses its man power and resources to maximize such kind of income. The DAC in its meeting held during September, 2012 directed to recover the amount at the earliest.

No progress was intimated till finalization of this Report.

Audit recommends that amount be recovered from the concerned and deposited into relevant head of account under intimation to Audit.

[AIR Para: 25]

1.5.4 Internal Control Weaknesses

1.5.4.1 Loss due to Non /Less Realization of Revenue and Arrears – Rs35.375 million

According to rule 76 of the Punjab District Governments & TMA (Budget) Rules, 2003, the collecting officers should see that all revenue due is claimed, realized and checked against demands and that they are deposited into relevant head of account.

TMO Hasilpur did not make due efforts during 2010-12 to recover / realize revenue and arrears of revenue worth of Rs35.375 million on account of rent of shops, sewerage tax, license and permit fee, water rates etc in violation of above rule. The detail is given at Annexure –C.

The loss occurred due to ineffective financial controls and laxity of the management.

TMA was facing financial hardships due to less realization of Government revenue worth Rs35.375 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. TMO replied that TMA is trying its best to recover the arrears. The DAC in its meeting held during September, 2012 directed to recover the stated amount within fifteen days.

No progress was intimated till finalization of this Report.

Audit recommends that stated amount be recovered from the concerned and deposited into TMA fund account, besides under intimation to Audit.

[AIR Paras: 5, 14 & 21]

1.5.4.2 Loss due to Non Recovery of Risk and Cost Amount - Rs23.513 million

According to Rule 26 (1 & 2) of the PLG (Auctioning of Collection Rights) Rules 2003, “the contract shall stand automatically cancelled if a contractor fails to abide by any Term and Condition of the contract and after cancellation of contract, the Local Government may choose to re-auction the income for the remaining period of contract or may make departmental collection and in case if the income so received is found less than contractual amount, the difference shall be recovered from the contractor as arrear of land revenue.”

TMO Hasilpur auctioned following collection rights for Rs31.701 million during 2010-12. Letter of acceptance of bids were issued to the contractors with a direction to deposit 1st installment in advance within 3 days of receipt of the letter. The contractors did not comply with the directions; therefore the contracts were cancelled and re-auctioned for Rs8.188 million. TMO did not make efforts to recover loss / shortfall of revenue (risk and cost amount) from the defaulting contractors, in violation of above rule. The detail is given below:

(Amount in Rupees)

Sr. No.		Period	Amount of Original Contract	Date of Auction	Name of Contractor	Amount of revised Contract	Diff.
1	Advertisement and Publicity	2010-11	400,000	12.05.10	Muhammad Iftikhar	225,000	175,000
		2011-12	700,000	04.05.11	Muhammad Iqbal	258,000	442,000
2	Collection Rights at Cattle Mandi	2010-11	5,601,000	12.05.10	Muhammad Mansha	3,705,000	1,896,000
		2011-12	25,000,000	04.05.11	Amir Siddiq	4,000,000	21,000,000
Total			31,701,000			8,188,000	23,513,000

The loss occurred due to ineffective financial controls and lack of due diligence by the management.

Non recovery of risk and cost amount resulted in loss of Rs23.513 million.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO relied that the contractors did not fulfill the necessary formalities and their earnest money was forfeited. Later on the auctions were again recalled and the accepted bids were more than the reserve price. Reply of TMO was not tenable as shortfall of revenue was not recovered from defaulting contractors in violation of rule 26 (1 & 2) of the PLG (Auctioning of Collection Rights) Rules 2003. The DAC in its meeting held during September, 2012 directed to get the matter clarified from LG & CD Department at the earliest.

No progress was intimated till finalization of this Report.

Audit recommends that loss of Rs23.513 million be recovered from defaulting contractors, efforts be made for black listing the contractors besides initiating action against the person(s) at fault, under intimation to Audit.

[AIR Para: 3]

1.5.4.3 Abnormal Delays in Completion of Work and Non-Imposition of Penalty – Rs1.459 million

As per clause 2 of contract agreement, the contractor shall pay, as compensation, an amount equal to one percent of the amount of the contract subject to the maximum of 10% or such smaller amount as the Engineer In charge may decide, for delay in completion of work. Furthermore, , as per clause 37 of the contract agreement, the contractor shall apply in writing for time extension, thirty days before the due date of completion, if there are unavoidable circumstances and the work may be delayed

The contractors of TMA did not work with the desired pace and completion of 21 development projects were abnormally delayed. The TMO did not take appropriate action to improve the pace of work. The contractors were also granted undue favor and penalty @ 10 % of contract price was not imposed to the concerned contractors despite the fact that they were neither granted time extension nor their requests for the same were on record and in some cases the time extension was granted on un-justified reasons, which resulted in loss/over payment of Rs1.459 million during 2010-12. The detail is given at Annexure – D.

The loss occurred due to ineffective internal controls.

Undue favour to the contractors resulted into abnormal delays in completion of development projects and loss of Rs1.459 million due to non-imposition of penalty.

The matter was reported to the TMO and Administrator of the TMA during August, 2012. The TMO replied that the extension in time is granted on genuine grounds based on realities. The extension is granted by the authority to whom the jurisdiction it comes under Punjab Local Council Works Rules 2003. There is no binding to impose the penalty against the contractor and it is purely the discretions of authority to impose the penalty. Reply of the TMO was not tenable as time extension was not granted in any case, applications of the contractors were not on record, letters of time extension were not sent to higher authorities and no documentary evidence was

provided in support of reply. The DAC in its meeting held during September, 2012 directed to recover the stated amount from the concerned at the earliest.

No further progress was intimated till finalization of this Report.

Audit recommends that stated amount be recovered from the concerned and deposited into relevant head of account besides taking disciplinary action against the person(s) at fault, under intimation to Audit.

[AIR Para: 2]

ANNEXURE

Annexure – I**(Rupees in Million)**

Sr. No.	Para No.	Subject	Amount	Nature
1	6	Un-authorized payment to contingent paid staff – Rs 62,998	.063	Violation of Rules
2	7	Over payment due to over estimation of cost after allowing 10%	0	Overpayment
3	10	Non recovery of conversion fees on account of housing colony	.952	Violation of Rules
4	11	Un-authorized expenditure amounting to Rs 531,926 on POL	.532	Violation of Rules
5	12	Loss to Government due to un-authorized payment of conveyance allowance – Rs 134,933	.135	Violation of Rules
6	13	Loss to Government due to non auction of agriculture land and sludge water – Rs 505,934	.506	Violation of Rules
7	17	POL at higher rate recovery of Rs 36,083	.036	Overpayment
8	20	Non credited of unclaimed security to Government Rs 349,103	.349	Violation of Rules
9	22	Loss to Government due to non recovery of house rent allowance	.061	Violation of Rules
10	24	Non refund / adjustment of loans and advance – Rs 165,000	.165	Violation of Rules
11	27	Non recovery of Professional Tax – Rs 243,000	.243	Violation of Rules
12	28	Conducting of stock taking	0	Violation of Rules
13	30	Purchase of machinery and furniture without approval of the austerity committee Rs 743,332	.743	Violation of Rules
14	36	Loss to Government due to non deduction of surcharges on Income Tax Rs 24,845	.029	Violation of Rules
15	38	Purchase from the un-registered firm and un-authorized payment of Rs 370,728	.371	Violation of Rules
16	40	Excess payment for encashment – Rs 22,530	.022	Overpayment

Annexure – A**List of MFDAC Paras****(Rupees in Million)**

Sr. No.	Para No.	Subject	Amount
1	5	Non recovery of arrears – Rs 46,252,574	46.253
2	9	Non obtaining of performance security – Rs 3,367,594	3.368
3	18	Un-justified extension in time limit for execution civil work upto 200% expenditure of Rs 5,284,181	5.284
4	19	Execution of civil work without PC – Rs 6,569,853	6.570
5	29	Realization of Tax without maintenance of demand and collection record – Rs 1,570,395	1.570
6	32	Non conduction of Post completion evaluation of the completed schemes – Rs 19,796,599	19.797
7	41	Improper / defective maintenance of stock register and non preparation of consumption record for purchases during 2010-11	1.925

Annexure – B
[Para 1.5.3.1]

Non Achievement of Targets

(Amount in Rupees)

Sr. No.	Detail of Receipt Head	Financial Year	Estimates	Recovery	Difference	Percentage
1	Parking Fee	2010-11	800,000	665,050	134,950	17 %
2	Bus Stand Fee		10,000,000	8,324,915	1,675,085	17 %
3	License Permit Fee		352,000	246,800	105,200	29 %
4	Rent of Municipal Property		13,180,000	12,933,699	246,301	19 %
5	Pay from Contractors	2011-12	300,000	263,527	36,473	12 %
6	License Fee		310,000	253,600	56,400	18 %
7	Slaughter House		80,000	52,620	27,380	34 %
8	Drainage Rate		600,000	337,910	262,090	43 %
9	Sludge Water		157,000	20,000	137,000	87 %
10	Rent of MPL – Property		14,845,000	1,336,257	13,508,743	90 %
11	Fairs, Shows etc.		5,000	0	5,000	100 %
12	Rent of Agricultural Plot		6,000	0	6,000	100 %
Total			40,635,000	24,434,378	16,200,622	40 %

Annexure – C
[Para 1.5.4.1]

Non / Less Realization of Revenue

(Amount in Rupees)

Sr. No.	Head of accounts	Period	Amount Due	Receipt	Recovery
1	Rent of Shops	2010-11	7,053,270	253,577	6,799,693
2	Rent of Municipal Property	-do-	3,180,000	0	3,180,000
3	Misc. Leases	-do-	8,447,603	532,021	7,915,582
4	Water Rates	-do-	2,900,000	180,102	2,719,898
5	Sewerage Tax	-do-	575,000	22,290	552,710
6	License Fee	-do-	325,000	3,500	321,500
Sub Total (1)					21,489,383
1	UIP Tax	2011-12	850,582	742,123	108,459
2	Water Rates	-do-	3,000,000	317,164	2,682,836
3	MPL Property	-do-	600,000	515,117	84,883
4	Sewerage Tax	-do-	300,000	67,500	232,500
5	License Fee	-do-	310,000	249,300	60,700
6	Arrear of Previous Contract	-do-	6,164,101	230,000	5,934,101
Sub Total (2)					9,103,479
1	Sewerage Tax	2010-11	600,000	245,805	354,195
		2011-12	600,000	337,910	263,190
Sub Total (3)					617,385
1	Water Rates	2010-11	3,300,000	1,537,102	1,762,898
		2011-12	3,300,000	897,578	2,402,422
Sub Total (4)					4,165,320
Grand Total					35,375,567

Annexure – D
[Para 1.5.4.3]

ABNORMAL DELAY IN COMPLETION OF DEVELOPMENT WORKS

(Amount in Rupees)

Sr. No.	Particulars	Estimated cost	Due date of Completion	Actual Date of completion	Penalty
1	Lying of water supply pipe line and inter connection for Chak No. 62/F Hasilpur	860,000	21.02.11	29.06.11	86,000
2	Making inter connection for water supply scheme new bus stand Hasilpur	188,000	21.02.11	18.07.11	18,800
3	Making inter connection for water supply scheme pull for wah Hasilpur	150,000	21.03.11	21.05.12	15,000
4	Construction of Cattle market near bus stand Hasilpur	400,000	21.01.11	15.02.11	40,000
5	Construction of drained and soling talhar colony Hasilpur	2,700,000	21.05.11	15.07.11	270,000
6	Construction and repair of metal road choonawala to Chak No. 191/M	1,800,000	21.05.11	04.07.11	180,000
7	Construction of Sewer Line and soling St. Dr. Shahbaz to main Road	4000,000	21.01.11	05.02.12	40,000
8	Construction of Sewerage & PCC flooring Ghousia Masjid to House Asghar Ali Gill old Hasilpur	150,000	21.01.11	04.07.11	15,000
9	Construction of Metal Road Cote Riyasti to Bastikaram Khan Union Council Jamal Pur	2,000,000	21.04.11	24.08.11	200,000
10	Construction of Drain & Soling Basti Noor Pur Council Jamal Pur	1,000,000	21.02.11	18.04.11	100,000
11	Construction of Metal Road from House Ashraf Income Tax South Side Rehman Town	3,000,000	30.01.12	08.06.12	30,000
12	Lying of Sewerage & Choongi No. 4 Girls P/S north & south	3,000,000	30.01.12	15.03.12	30,000
13	Lying of Sewerage from house Ishaq Kharadia to House Tahir Shah Ali Town	250,000	30.01.12	02.03.12	25,000

Sr. No.	Particulars	Estimated cost	Due date of Completion	Actual Date of completion	Penalty
14	Construction of metal road, Sewerage House Malik Abdul Rehman to House HanifGujar Railway Road to House Zulfiqar Ali	850,000	30.01.12	-	85,000
15	Construction of Metal Road / Boundary Wall Grave Yar Satellite Town	1,150,000	30.04.12	-	115,000
16	Lying of Sewerage from House FaizMurgiyanaWala to House MazharDadhi Masjid Faizan – e Madina Near DarbarRangeela Shah	863,000	30.01.12	01.03.12	86,300
17	Laying of water supply line house Muhammad Saddique to House Tanveer Hussain Dera Noor Muhammad	500,000	30.12.11	08.05.12	5,000
18	Construction of water works F/W to House MuhammadZahid Model Town	102,000	30.01.12	07.05.12	10,200
19	Repair of water works Chak No. 60 – 61 / F (Remaining Portion)	500,000	30.01.12	03.05.12	5,000
20	Supply sludge pump disposal works 4 KSB 6 x 6 Model D – 2 150 /315 KWPK	950,000	30.01.12	21.05.12	95,000
21	Supply fixing peter engine 16 HP for disposal work Chak 63/F	80,000	31.12.11	15.03.12	8,000
Total					1,459,300