



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL
ADMINISTRATIONS
DISTRICT KASUR
AUDIT YEAR 2012-13**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ACL	Audit Command Language
ADP	Annual Development Plan
B&R	Buildings and Roads
BDD	Budget Demand - Development
CAATs	Computer Assisted Audit Techniques
CCB	Citizen Community Board
CFT	Cubic Feet
DAC	Departmental Accounts Committee
DNIT	Draft Notice Inviting Tenders
FCR	Final Completion Report
IPSAS	International Public Sector Accounting Standards
NAM	New Accounting Model
MB	Measurement Book
MRS	Market Rate System
PAO	Principal Accounting Officer
PCC	Plain Cement Concrete
PFR	Punjab Financial Rules
PDG & TMA	Punjab District Governments & Tehsil Municipal Administration
PLA	Personal Ledger Account
PLGO	Punjab Local Government Ordinance
RCC	Re-enforced Cement Concrete
RDA	Regional Director Audit
RMR	Road Metal Return
SAE	Schedule of Authorized Expenditure
SAP	System Application Product
SFT	Square Feet
SOP	Standing Operating Procedure
TMA	Town/Tehsil Municipal Administration
TST	Triple Surface Treatment
T&P	Tools & Plants
UA	Union Administration

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to audit the accounts of the provincial governments and the accounts of any authority or body established by, or under the control of the provincial government shall be conducted by the Auditor General of Pakistan. Accordingly, the audit of all receipts and expenditures of the Local Fund and Public Accounts of Tehsil / Town Municipal Administrations of the Districts is the responsibility of the Auditor General of Pakistan.

The report is based on audit of accounts of Tehsil Municipal Administrations of District Kasur for the financial year 2011-12. The Directorate General of Audit District Governments Punjab (North), Lahore conducted audit during 2012-13 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs1.00 million or more. Relatively less significant issues are listed in the 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 observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

The observations included in this Report have been finalized after discussion of Audit Paras with the management. However no Departmental Accounts Committee meetings were convened despite repeated requests.

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 to cause it to be laid before the Provincial Assembly of Punjab.

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (North), Lahore, is responsible to carry out the audit of eighty one Tehsil Municipal Administrations. Its Regional Directorate Lahore has audit jurisdiction of twenty three TMAs of five Districts i.e. Lahore, Okara, Nankana Sahib, Kasur and Sheikhpura.

The Regional Directorate has a human resource of 20 officers and staff, total of 5706 man days and annual budget of Rs15.816 million for the financial year 2011-12. It has mandate to conduct Financial Attest, Regularity Audit, Audit of Sanctions and Compliance with Authority and Performance Audit of entire expenditure including programmes / projects & receipts. Accordingly, Regional Directorate Lahore carried out audit of two TMAs of District Kasur for financial year 2011-2012.

Each Tehsil Municipal Administration in District Kasur conducts its operations under Punjab Local Government Ordinance, 2001. It comprises one Principal Accounting Officer (PAO) i.e Tehsil Municipal Officer 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 financial provisions of the Punjab Local Government Ordinance, 2001 require the establishment of Tehsil/Town Local Fund and Public Account for which Annual Budget Statement is authorized by the Nazim / Council / Administrator in the form of budgetary grants.

Audit of TMAs of District Kasur was carried out with a view to ascertaining 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 was conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules, there was no leakage of revenue and revenue did not remain outside Government Account/Local Fund.

Audit Objectives

Audit was conducted to ensure that:

1. Money shown as expenditure in the accounts was authorized for the purpose for which it was spent.

2. Expenditure incurred was 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 for expending the public money.
4. Public money was not wasted.
5. The assessment, collection and accountal of revenue is made in accordance with prescribed laws, rules and regulations.

a) Audit Methodology

Audit was performed through understanding the business process with respect to 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

Total expenditure of two TMAs of Kasur for the financial year 2011-12 was Rs698.611 million. Out of this, Regional Director Audit (RDA) Lahore audited an expenditure of Rs411.310 million which, in terms of percentage, was 59% of the total expenditure. Regional Director Audit planned and executed audit of two TMAs i.e. 100% achievement against the planned audit activities.

Total receipts of two TMAs of Kasur for the financial year 2011-12, were Rs625.050 million. RDA Lahore audited receipts of Rs437.535 million which were 70% of total receipts.

c) Recoveries at the Instance of Audit

Recovery of Rs18.942 million was pointed out, which was not in the notice of executive before audit.

d) Key audit findings of the report

- i. Non-production of record of Rs3.180 million noted in one cases.¹
- ii. Non-compliance of Rules of Rs117.672 million noted in eleven cases.²
- iii. Recovery of Rs18.942 million noted in two cases.³

Audit paras for the audit year 2012-13 involving procedural violations including internal control weaknesses, unsound asset management and irregularities not considered worth reporting are included in MFDAC (Annex-A).

e) Recommendations

- i. Departments need to comply with the Public Procurement Rules for economical and rational purchases of goods and services.
- ii. Inquiries need to be held to fix responsibility for losses, unauthorized/irregular payments and wasteful expenditure.
- iii. The PAO needs to make efforts for expediting the realization of various Government receipts.
- iv. The PAO needs to take appropriate action for non-production of record.

¹Para: 1.2.1.1

²Para: 1.2.2.1, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.2.2.7, 1.3.1.1, 1.3.1.2, 1.3.1.3, 1.3.1.4

³Para 1.2.2.2, 1.2.2.6

SUMMARY OF TABLES & CHARTS

Table 1 Audit Work Statistics

(Rs in million)

S. No.	Description	No.	Budget
1	Total Entities (PAOs) in Audit Jurisdiction	3	1,298.269
2	Total formations in audit jurisdiction	3	1,298.269
3	Total Entities (PAOs) Audited	2	698.611
4	Total formations Audited	2	698.611
5	Audit & Inspection Reports	2	698.611
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observation regarding Financial Management

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1	Unsound Asset management	-
2	Weak Financial management	3.180
3	Weak Internal controls relating to Financial Management	117.672
4	Others	18.942
Total		139.794

Table 3: Outcome Statistics

(Rs in million)

S#	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year
1	Outlays Audited	-	310.018	625.050	388.593	1,323.661*
2	Amount Placed under Audit Observation / Irregularities of Audit	-	20.576	18.942	100.276	139.794
3	Recoveries Pointed Out at the instance of Audit	-	-	18.942	-	18.942
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-
5	Recoveries Realized at the instance of Audit	-	-	-	-	-

*The amount in Serial No.1 column of "Total Current Year" is the sum of Expenditure and Receipts whereas the total expenditure for the current period was Rs698.611 million.

Table 4: Table of Irregularities pointed out

(Rs in million)

S. No.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operation	0
2	Reported cases of fraud, embezzlement, theft and misuse of public resources.	0
3	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems.	117.672
5	Recoveries and overpayment, representing cases of establishment overpayment or misappropriations of public monies	18.942
6	Non-production of record	3.180
7	Others, including cases of accidents, negligence etc.	0
Total		139.794

The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan.

CHAPTER-1

1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, KASUR

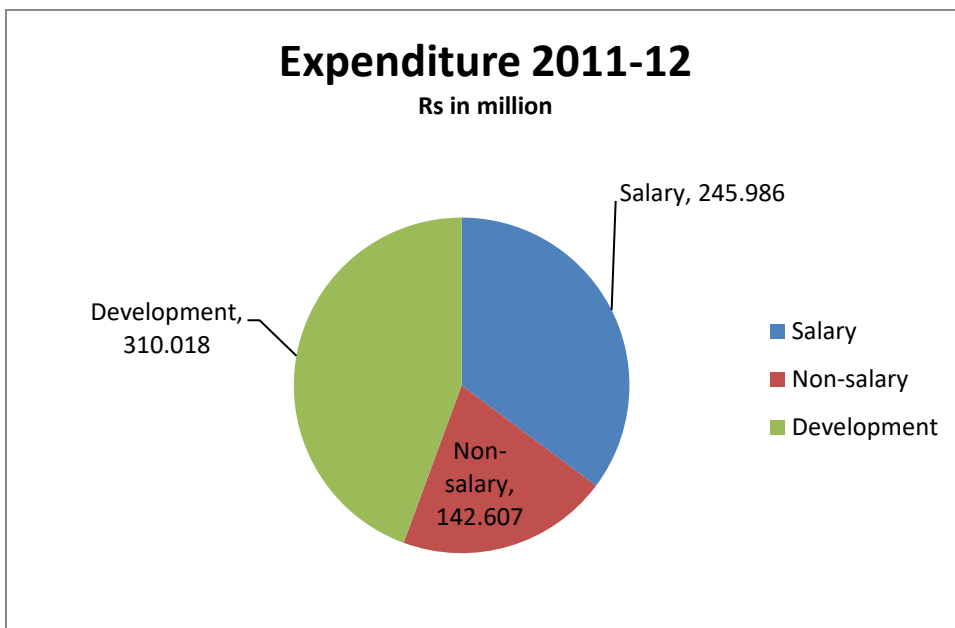
1.1.1 INTRODUCTION

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

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

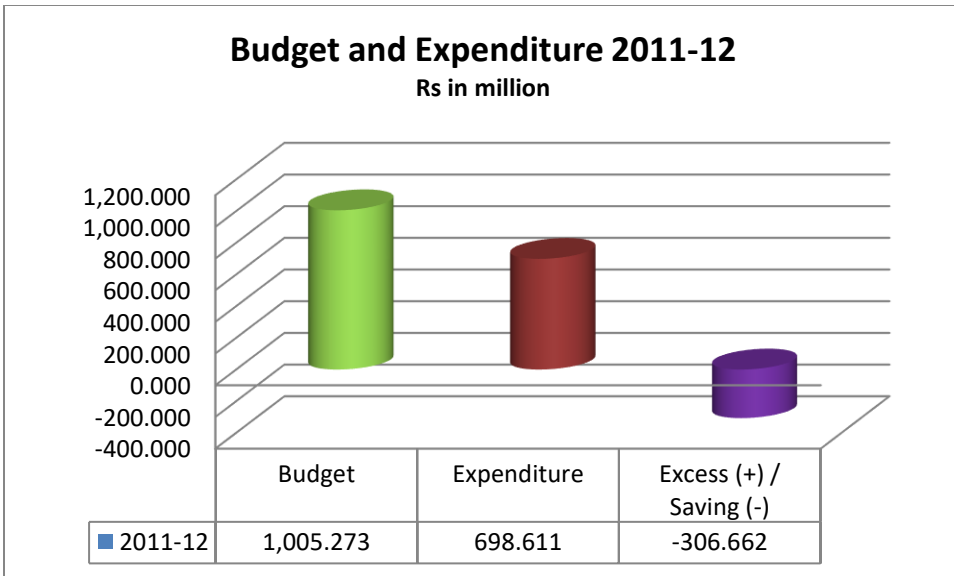
1.1.2 Comments on Budget and Accounts (Variance Analysis)

Rs in million				
F.Y 2011-12	Budget	Expenditure	Excess (+) / Saving (-)	% saving
Salary	260.700	245.986	-14.714	5.64
Non Salary	158.346	142.607	-15.739	9.94
Development	586.227	310.018	-276.209	47.12
Total	1,005.273	698.611	-306.662	30.51



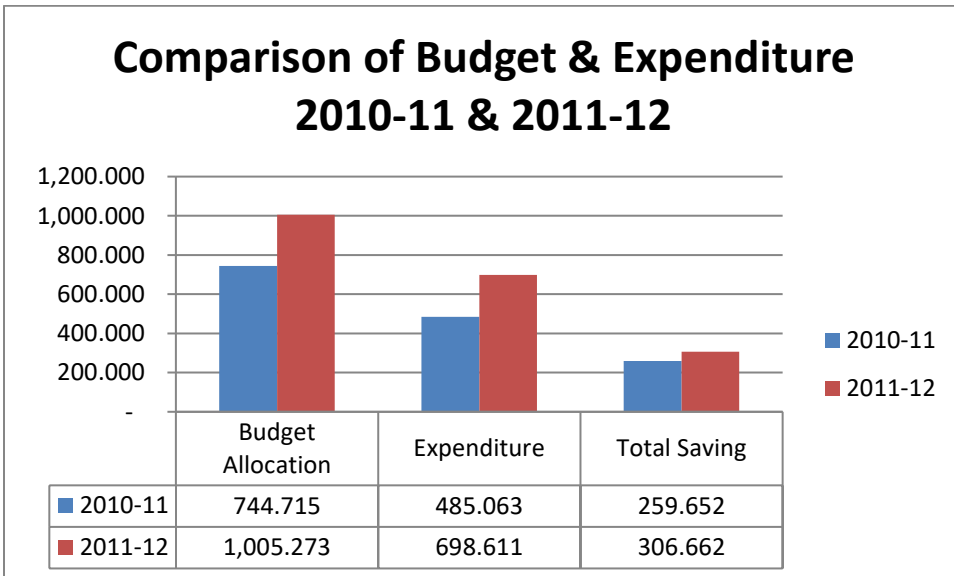
Details of budget allocations, expenditures and savings of each TMA in District Kasur for the financial year 2011-12 are at Annex-B.

As per the Budget Books for the year 2011-12 of TMAs in District Kasur, the original and final budget were Rs1005.273 million. Against budget, total expenditure incurred by the TMAs during the financial 2011-12 was Rs698.611 million.



Ineffective financial management resulted in savings to the tune of Rs306.662 million which in term of percentage was 31% of the final budget. The same was required to be justified by the Principal Accounting Officer, Administrator and management of TMAs.

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



There were overall savings in the budget allocation of the financial year 2011-12 as follows:

(Rs in million)

Financial Year	Budget Allocation	Expenditure	Total Saving	% of Saving
2010-11	744.715	485.063	-259.652	34.87
2011-12	1,005.273	698.611	-306.662	31

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

1. AUDIT PARAS

1.2 TMA Kasur

1.2.1 Non-production of Record

1.2.1.1 Non production of Record - Rs 3.180 million

According to section 115(6) of PLGO 2001, the officials shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

TMA Kasur did not produce the record of Rs3.180 million pertaining to the following schemes registered under CCB. In the absence of record, authenticity, validity, accuracy and genuineness could not be verified.

Name of Scheme	Name of CCB	Amount paid
Construction of soling Nalah, drains Darbar baba Gulab Shah to Qadri Masjid, Roshan Abad Colony	Hamalia	1,800,000
Const of PCC, soling, E/F etc from chowk Shafi Wala to Muhallah Eysa Nagar	Ujala	1,000,000
Const of soling drainage and bridge at Patwan wala Khurd Khaim Karan road to village Patwan wala UC Qadi Wind	Awaz-e-Pakistan	240,000
Const of Nallah graveyard to Nahar Shah pond E/F pond graveyard to Rao Khan	Fateh Shah	140,000
Total		3,180,000

Audit holds that relevant record was not maintained and hence was not produced to Audit for verification which may lead to apprehension of misappropriation and misuse of public resources.

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stresses production of the record besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.2.2 Non-compliance of Rules

1.2.2.1 Irregular Payment of Pay & Allowances - Rs 73.63 million

According to the preface for recruitment of seasonal or short term staff issued by Mr. Farid Ahmed Tarar, Additional Finance Secretary (ES), “ The post (s) shall be advertised properly in the leading newspapers” and other formalities of recruitment process in Local Governments.

TMA Kasur, during the financial year 2011-12, incurred an expenditure of 73.630 million on appointment of daily wages staff without advertising the post in the daily newspaper and without observing the other coda formalities. (**Annex - C**)

Audit holds the appointment of staff without observing the codal formalities was made due negligence on the part of the management.

This resulted in irregular appointment of daily wages staff and unauthorized payment of Rs73.630 million from the public exchequer.

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted nor DAC meeting convened till the finalization of this report.

Audit stresses regularization of the matter besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.2.2.2 Non-recovery of Government Receipts - Rs15.37 million

According to Rule 25 (1) of Punjab Local Government Auction & Collection Rules 2003, the contractor shall provide at least two sureties or bank guarantee equal to the amount of contract. According to the Rule 25 (b) of Punjab Local Government (Auction of Collecting Rights) Rules 2003, the Local Government Shall be entitled to recover all dues from the sureties and guarantor in case of default on the part of the contractor due to any reason whatsoever. All cost and consequential costs of legal proceedings shall also be recovered from them.

TMA Kasur, during the financial year 2011-12, did not recover of Rs15.37 million on account of toll tax, slaughter fee, license fee, latrine fee, water rate TTIP, cattle market etc from the defaulting contractors who did not complete their contracts.

Audit holds that recovery from the defaulting contractors was not made due defective financial discipline and weak internal control.

This resulted in less recovery of government dues of Rs15.37 million.

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stress recovery of the outstanding government dues from the contractors besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.2.2.3 Payment without Execution of Work - Rs14.048 million

According to Rule 2.10 (b) (5) and 17.19 of PFR VoI-I, it is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take a considerable time. It is also not permissible to draw advances from the treasury to prevent the lapse of appropriations.

TMA Kasur made payment of Rs14.048 million for various work but despite lapse of 3 to 5 years neither work has been executed nor payment has been adjusted. Audit holds that advance payment without execution of work was made due to weak internal control and defective financial discipline.

This resulted in unjustified payment of Rs14.048 million from the public exchequer.

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stresses adjustment of the advance payment besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.2.2.4 Irregular repair of Machinery & Equipment - Rs7.317 million

According to rule 2.10(a) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

TMA Kasur incurred an expenditure of Rs7.317 million on the repair machinery, tractor and turbine during the financial year 2011-12. However, history sheets and other relevant records from which the requirement of such heavy repair could be justified was not maintained by TMA Kasur. (Annex - D)

Audit holds that expenditure was incurred due to negligence and defective financial discipline.

This resulted in unauthorized expenditure of Rs7.317 million

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stresses regularization of the matter besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.2.2.5 Irregular Payment on Hiring of Machinery - Rs 4.822 million

According to rule 12 of PPRA 2009 procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA's from time to time and 5% bid security will be received from concerned.

TMA Kasur, during the financial year 2011-12, incurred an expenditure of Rs4.82 million on the hiring of machinery without advertisement on the PPRA website. (Annex - E)

Audit holds that payment was made due to negligence and defective financial discipline.

This resulted in irregular payment of Rs4.82 million from the public exchequer.

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stresses regularization of the matter besides fixing of responsibility against the persons at fault under intimation to audit.

1.2.2.6 Less realization of Government Receipts - Rs2.942 million

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

TMA Kasur realized only 6.836 million government receipts, during the financial year 2011-12, against the total demand of 9.739 million as detailed below:

Sr. No	Head of Receipt	Demand	Collected	Non realization
1	Parking fee, General bus stand Khuddian	3,145,000	2,907,350	237,650
2	Rent of shops at general bus stand Kasur	1,792,793	457,073	1,335,720
3	Parking fee, general bus stand Kot Radha Kishan	3,850,000	3,472,000	378,000
4	Rent of shops, CO unit Kot Radha Kishan	291,703	0	291703
5	Water Charges, CO unit Kot Radha Kishan	659,516	0	699,516
	Total	9,739,012	6,836,423	2,942,589

Audit holds that recovery was not made due defective financial discipline and weak internal control.

This resulted in less realization of government receipts amounting to Rs2.942 million.

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stresses recovery of the government receipts besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.2.2.7 Irregular expenditure on Pre-mixed Bitumen - Rs 2.378 million

According to Finance Department's letter no. RO (Tech) FD. 18-23/2004 dated 21st September, 2004 rate for item of carpeting shall be fixed and approved by the Chief Engineer concerned on the basis of

different stages of bitumen i.e. 3% to 6% and payment will be made to the contractor as per job mix formula or bitumen used in the work.

TMA Kasur incurred an expenditure of Rs2.378 million on bitumen without mentioning the percentage of bitumen to be used in carpeting in technical sanctioned estimates as detailed below:

Work Order No. No./date	Name of Scheme	Specification	Qty (%sft)	Rate	Amount
60/TO (I)/02-02-12	Const of metalled road from Qadiwind road to Masjid Gulberg Colony	2" Thick	15060	8060.30	1,213,881
478	Const of speed breakers in Kasur City	4"	7706	15113	1,164,607
	Total				2,378,488

Audit holds that payment was made due weak internal control and defective financial discipline.

This resulted in irregular expenditure of Rs2.378 million from the public exchequer.

The matter was reported to the TMO / Administrator. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stresses regularization of the matter besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.3 TMA Chunian

1.3.1 Non-compliance of Rules

1.3.1.1 Irregular Expenditure on Contingent Staff - Rs9.931 million

According to rule 64 of PDG & TMA (Budget) Rules 2003, DDO should ensure that the authorized budget allocations are expended in conformity with the authorized schedule of expenditure. According to clause 4(VIII) (IV) of appointment policy issued by S&GAD Govt. of Punjab Lahore vide letter No. DS(O&M)5-3-2004 Contract (MF) dated 20-December 2004 that recruitment policy 2004 does not allow appointment of any person without advertisement and in violation of any procedural formalities laid down in the policy.

TMA Chunian incurred an expenditure on Contingent Paid Staff amounting Rs9.931 million without any budget allocation and in violation of the instructions of the district government which issued stoppage of expenditure in view of the austerity measures. Audit holds that expenditure was incurred due defective financial discipline and weak internal control.

This resulted in irregular expenditure of Rs9.931 million from the public exchequer.

The matter was reported to the TMO / Administrator in September 2012. It was replied that daily wages staff was taken on job according to the government instructions. The reply was not accepted as neither budget allocation nor advertisement in the national press was made to make the process as transparent and free from favoritism.

Audit stresses upon regularization of the matter besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.3.1.2 Irregular Award of Contracts - Rs.2.129 million

The contractor who is not enlisted shall not be eligible to participate in the auctioned proceeding of collection rights of different taxes & fees, according to the Rule 15(2) of Punjab Local Government (Auctioning of Collection Rights) Rules 2003. Further, the name & identity card number of each participant shall be written and attested copy of the participant's identity card shall be collected and kept, in the record according to Rule 6(2) of Punjab Local Government (Auctioning of Collection Rights) Rules, 2003.

TMO, TMA Chunian awarded the following contracts for Rs2.129 million to the contractors without having registration certificates and CNIC record. (Annex - G)

Audit holds that award of contracts to the contractors without obtaining their record was due to weak internal control.

This resulted in irregular auction proceedings amounting to Rs.2.129 million.

The matter was reported to the TMO / Administrator in September 2012. It was replied that contracts were awarded according to the auction of collection rights rules, 2003 and registration along with the copies of NIC are available. The reply was not acceptable as no documentary evidence was provided to audit. No DAC meeting was convened till finalization of this report.

Audit stresses regularization of the matter besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.3.1.3 Non-approval of Lead Chart - Rs2.021 million

The rates for various components of the Non-Scheduled items of work shall be based on Composite Schedule of Rates (CSR) 1998 Vol-III, Part-II, (now MRS) and where such components of item of work are not contained in the CSR 1998 Vol-III, Part-II (MRS) average prevailing market rates shall be made basis for arriving at the Non-Schedule Rate. Copies of the analysis and of composite rates sanctioned by the Superintending Engineer for non-Schedule items shall be sent to the Secretary, Standing Rates Committee, according to Para 4(iii & iv) of CSR. In no case, the procurement shall be made without getting the specification of stores vetted / approved by the competent authority as per para 5 of the Purchase Manual. Further in order to arrive at the rate analysis of non-schedule items the standard format on website has been prescribed which is to be filled from MRS and the market rates.

TMA Chunian, during the financial year 2011-12, incurred an expenditure of Rs2.021 million on account of earth filling without approval of lead chart from the competent authority.

Audit holds that payment without approval of rate from the competent authority was made due to defective financial discipline and weak internal control.

This resulted in overpayment of Rs2.021 million and loss to public exchequer

The matter was reported to the TMO / Administrator in September 2012. Neither any reply was submitted by the department, nor DAC meeting convened till the finalization of this report.

Audit stresses recovery of the overpayment and regularization besides fixing of responsibility against the person(s) at fault under intimation to audit.

1.3.1.4 Non-transparent Expenditure - Rs1.396 million

According to Rule 9 read with Rule 12(1) of Punjab Procurement Rules, 2009 procurements over one hundred thousand rupees and upto the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA from time to time. Further, 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 procurement so planned or advertised in the national newspaper.

TMA Chunian incurred an expenditure of Rs1.396 million on the following items of work without adopting the system of open tendering.

No & Date	Particulars	Contractor	Qty	Unit	Rate	Amount (Rs)
215 dt 24-08-11	Cleaning & Excavation of pool Terath	M Altaf Hussain	118112	o%cft	2,542.50	300,000
388 dt 30-09-11	Cleaning Excavation of Drain -Rana Town Hadi Town, Chunian	Gulzar Const. Co.	159	hours	2,400.00	381,600
690 dt 04-11-11	Purchase of dewatering pump with suction pipe	M/s Qamaruddin & Sons	3	Nos	210000	630,000
-do-	-do-	-do-	1	Nos	85000	85,000
Total						1,396,600

Audit holds that expenditure without open tender was incurred due defective financial discipline and weak internal control.

This resulted in non transparent and uneconomical expenditure amounting to Rs1.396 million from the public exchequer.

The matter was reported to the TMO / Administrator in September 2012. It was replied that works mentioned above were duly advertised in the daily news paper. The reply was not acceptable no documentary evidence was provided in support of the argument by the TMO. No DAC meeting was convened till the finalization of this report.

Audit stresses regularization of the expenditure and fixing of responsibility against the person(s) at fault under intimation to audit.

ANNEXURES

MFDAC PARAS

Sr. No	Name of Formation	Description of para	Nature of para	Amount Rs in million.
1	TMA Chunian	Doubtful Payment for Earth filling	Irregularity	0.317
2		Overpayment for Tuff Tiles	Recovery	0.168
3		Overpayment of Integrated Allowance	Recovery	0.129
4		Non utilization / release of CCB funds	Irregularity	117.100
5		Unauthentic Administrative Approval	Irregularity	181.053
6		Loss of revenue due to non-achievement of targets	Recovery	5.118
7		Non receiving of Vouched Accounts & residual balance from executing authority	Irregularity	70.000
8		Non taking annual physical stock	Irregularity	
9		Irregular Payment	Irregularity	5.548
10		Non maintenance of classified and progressive expenditure statement on monthly basis and incorrect expenditure statement	Irregularity	497.350
11		Unauthorized expenditure	Irregularity	
12		Unauthorized expenditure due to non approval of lead chart and non deduction of shrinkage	Recovery	2.021
13	TMA Kasur	Non-imposition of Penalty	Irregularity	0.913
14		Non-realization of Earnest Money	Recovery	0.825
15		Expenditure in violation of PPRA Rules	Irregularity	0.725
16		Non-approval of Lead Chart for Earth Filling	Irregularity	0.678
17		Non-registration of Government Vehicles	Irregularity	0.475
18		Unauthorized Payment of Non-Schedule Items	Irregularity	0.428
19		Overpayment for RCC work	Recovery	0.118
20		Non Production of Enlistment and Renewal Fee Record of Contractor	Non production	3.660
21		Award of work by not depositing performance security from the contractor	Recovery	0.980
22		Irregular Payment for substandard PCC	Recovery	0.399
23		Non-verification of payment of General Sales Tax	Irregularity	0.408
24		Unjustified Expenditure	Irregularity	2.73
25		Non Payment of Pension Contribution of Erstwhile Zila Council employees from TMAs	Irregularity	31.18
26		Non maintenance of Property record	Irregularity	
27		Non production of record of Kachi Abadies funds	Non production	

Sr. No	Name of Formation	Description of para	Nature of para	Amount Rs in million.
28		Non recovery of development charges from residents of katchi abadi	Recovery	36.870
29		Loss to government due to overpayment of sand filling	Recovery	0.042
30		Overpayment	Recovery	0.678

ANNEX - B**Budget and Expenditure Statement for Financial Year 2011-12
(Rs in million)**

TMA Kasur					
Head	Budget	Expenditure	Excess / Savings	% age	Comments
Salary	210.300	200.702	-9.598	4.56	
Non Salary	126.377	117.992	-8.385	6.63	
Development	260.227	110.820	-149.407	57.41	
Revenue	223.727	225.852			
Total					
TMA Chunian					
Head	Budget	Expenditure	Excess / Savings	% age	Comments
Salary	50.400	45.284	-5.116	10.15	
Non Salary	31.969	24.615	-7.354	23.00	
Development	326.000	199.198	-126.802	38.90	
Revenue	251.985	228.253			
Total					

Annex - C

Date of Payment	Description	DDO	Amount
04-07-11	Pay of staff including daily wages & regular	CO unit HQ	2,655,000
12-07-11	-do-	-do-	2,228,980
09-08-11	-do-	-do-	3,171,636
09-08-11	-do-	-do-	2,361,450
26-08-11	-do-	-do-	2,367,137
01-10-11	-do-	-do-	1,979,040
01-10-11	-do-	-do-	3,213,649
01-10-11	-do-	-do-	1,459,184
03-11-11	-do-	-do-	2,487,750
01-12-11	-do-	-do-	3,158,580
09-12-11	-do-	-do-	2,228,280
19-12-11	-do-	-do-	2,439,370
19-12-11	-do-	-do-	1,289,600
10-01-11	-do-	-do-	1,112,280
01-02-12	-do-	-do-	3,141,901
02-02-12	-do-	-do-	2,297,720
01-03-12	-do-	-do-	3,132,092
08-03-12	-do-	-do-	2,224,250
02-04-12	-do-	-do-	3,132,463
06-04-12	-do-	-do-	2,286,250
02-05-12	-do-	-do-	3,150,597
07-05-12	-do-	-do-	2,305,470
04-06-12	-do-	-do-	3,125,028
12-06-12	-do-	-do-	2,349,490
05-07-11	Pay of sanitation	CO Unit Kot Radha Kishn	246,950
05-07-11	-do-	-do-	434,930
05-08-11	-do-	-do-	665,260
07-09-11	-do-	-do-	664,640
04-10-11	-do-	-do-	717,960
04-10-11	-do-	-do-	125,860
02-11-11	-do-	-do-	776,240
01-01-12	-do-	-do-	760,120
01-01-12	-do-	-do-	345,650
01-01-12	-do-	-do-	236,915
04-01-12	-do-	-do-	491,970
02-02-12	-do-	-do-	773,760
03-03-12	-do-	-do-	699,360
04-04-12	-do-	-do-	785,850
02-05-12	-do-	-do-	683,860
09-07-11	Pay & allowances of sanitation department	CO Unit Khuddian	141,625
09-07-11	-do-	-do-	234,050
09-08-11	-do-	-do-	431,830
04-10-11	-do-	-do-	407,960

Date of Payment	Description	DDO	Amount
04-11-11	-do-	-do-	414,160
08-12-11	-do-	-do-	264,740
21-12-11	-do-	-do-	179,800
23-12-11	-do-	-do-	177,275
02-02-12	-do-	-do-	270,320
05-03-12	-do-	-do-	260,400
06-04-12	-do-	-do-	288,300
11-05-12	-do-	-do-	240,250
19-06-12	-do-	-do-	325,500
02-08-11	POL	-do-	20,853
09-08-11	-do-	-do-	19,260
07-09-11	-do-	-do-	26,153
01-10-11	-do-	-do-	26,171
07-10-11	-do-	-do-	22,480
04-11-11	-do-	-do-	26,700
09-12-11	-do-	-do-	27,148
11-01-12	-do-	-do-	24,067
02-02-12	-do-	-do-	24,048
15-03-12	-do-	-do-	26,078
06-04-12	-do-	-do-	31,250
17-05-12	-do-	-do-	24,955
17-05-12	-do-	-do-	26,040
19-06-12	-do-	-do-	28,210
19-06-12	-do-	-do-	30,380
19-06-12	-do-	-do-	281,179
05-07-11	Pay of sanitation	CO Unit Raja Jhang	189,270
09-08-11	-do-	-do-	182,280
10-09-11	-do-	-do-	177,630
04-10-11	-do-	-do-	156,550
03-11-11	-do-	-do-	127,100
09-12-12	-do-	-do-	124,930
02-02-12	-do-	-do-	127,100
06-04-12	-do-	-do-	120,280
11-05-12	-do-	-do-	120,590
05-06-12	-do-	-do-	132,060
09-08-12	POL	-do-	23,520
09-08-12	-do-	-do-	25,380
09-08-12	-do-	-do-	28,350
24-08-11	-do-	-do-	32,320
20-09-11	-do-	-do-	33,649
13-10-11	-do-	-do-	28,407
TOTAL			73,637,120

Annex - D

Date of Payment	Description	Branch	Amount
20-09-11	Repair of Machinery Tractor etc.	Sanitation Branch HQ	23,500
20-09-11	-do-	-do-	23,218
20-10-11	-do-	-do-	53,575
04-11-11	-do-	-do-	23,149
04-11-11	-do-	-do-	20,304
10-01-12	-do-	-do-	270,600
01-02-12	-do-	-do-	22,917
10-02-12	-do-	-do-	23,491
01-03-12	-do-	-do-	293,496
01-03-12	-do-	-do-	34,940
24-05-12	-do-	-do-	302,335
24-05-12	-do-	-do-	35,992
24-05-12	-do-	-do-	21,595
21-06-12	-do-	-do-	24,700
21-06-12	-do-	-do-	23,250
18-08-11	POL	-do-	410,483
29-08-11	-do-	-do-	520,207
06-10-11	-do-	-do-	463,604
01-11-11	-do-	-do-	415,377
25-11-11	-do-	-do-	520,339
23-12-11	-do-	-do-	374,199
16-01-12	-do-	-do-	472,728
23-02-12	-do-	-do-	454,328
10-04-12	-do-	-do-	613,094
18-05-12	-do-	-do-	554,607
26-06-12	-do-	-do-	576,168
			6,572,196

Date of Payment	Description	Amount
18-08-11	Repair of Turbine	16,929
18-08-11	-do-	23,124
18-08-11	-do-	23,406
01-10-11	-do-	21,620
13-10-11	-do-	22,229
13-10-11	-do-	137,052
20-10-11	-do-	21,388
01-11-11	-do-	64,680
02-11-11	-do-	52,668
04-11-11	-do-	23,006
04-11-11	-do-	22,560
09-12-12	-do-	107,520

Date of Payment	Description	Amount
20-01-12	-do-	23,124
20-01-12	-do-	23,124
20-01-12	-do-	23,218
20-01-12	-do-	23,124
01-02-12	-do-	22,560
26-03-12	-do-	23,218
26-03-12	-do-	23,218
24-05-12	-do-	23,406
24-05-12	-do-	23,453
TOTAL		744,627

Annex – E

Date of Payment	Description	Branch	Amount
02-08-11	Hire of Machinery, Tractor & Trolley	Sanitation Branch HQ	448,800
29-03-11	-do-	-do-	394,800
20-10-11	-do-	-do-	752,000
20-10-11	-do-	-do-	142,638
04-11-11	-do-	-do-	376,000
29-12-11	-do-	-do-	376,000
10-01-12	-do-	-do-	376,000
01-03-12	-do-	-do-	306,258
08-03-12	-do-	-do-	235,000
24-05-12	-do-	-do-	235,000
24-05-12	-do-	-do-	235,000
12-06-12	-do-	-do-	235,000
01-10-11	Hire of Excavator	TO (I&S)	667,804
02-11-11	-do-	-do-	42,626
TOTAL			4,822,926

Annex – F

Name of work	Date of start	Date of completion	Time limit allowed	Late work done in months	Work cost	Amount of penalty (10%)
Const of soling Drains Mouza Bhallo	24-11-11	WIP	3.50 months	10	995,000	99,500
Const of office fire brigade TMA Kasur	02-02-12	WIP	3	07	1,000,000	100,000
Const of Soling, Drains town Mustafabad	24-11-11	WIP	3	10	995,600	99,560
Const of soling drains Culverts Rehman town Khara	02-02-12	WIP	3	07	1,995,000	199,500
Const of PCC Drains Muhalla safdar shah	-do-	-do-	2.50	07	999,000	99,900
Const of Nallah Disposal Khuddian	19-10-11	WIP	2	11	898,800	89,880
Const of PCC Drian, Gali Factory Haji Akhtar Wali	24-11-11	WIP	3.50	10	1,194,000	119,400
Const of soling Drains Mouza Bohar	10-10-11	WIP	3	11	1,098,750	109,875
TOTAL						913,615

Annex – G

Sr. No.	Auction Name	Contractor Name	Amount
1	Tum Tum Ilahabad	Shahab Ali	101,000
2	Tum Tum Kanganpur	Gull Muhammad	100,000
3	Advertisement Board	Gull Muhammad	241,000
4	Tum Tum Chunian	Abdul Razaq	152,000
5	Slaughter House	Abdul Razaq	170,000
6	Latrine	Abdul Razaq	205,000
7	Larri Adda Kanganpur	Gull Muhammad	340,000
8	Animal Market	Shahadat Ali	650,000
9	Taxi Stand Chunian	Makhdoom Corporation	170,000
Total			2,129,000

Annex – H

Token No & Date	Particulars	Tractor No.	Amount
419 dt 08-10-11	Earth filling at Main road, Kanganpur	Sikandar Const. Co.	75000
485 dt 11-10-11	Carriage of earth	LXP 7345	18777
487 dt 11-10-11	Carriage of earth	KSB 1066	23218
489 dt 11-10-11	Carriage of earth	KSS 1244	16779
491 dt 11-10-91	Carriage of earth	SL 4203	22913
493 dt 11-10-11	Carriage of earth	LES 1714	22913
495 dt 11-10-11	Carriage of earth	LES 1791	22913
497 dt 11-10-11	Carriage of earth	KSB 1096	23218
499 dt 11-10-11	Carriage of earth	KSB 1567	22913
501 dt 11-10-11	Carriage of earth	KSB 1156	23218
503 dt 11-10-11	Carriage of earth	KSB 1088	22913
505 dt 11-10-11	Carriage of earth	KSB 1820	22913
TOTAL			317688

Annex – I

Sr. No	Name of Official	Designation	Integrated Allowance	Period	Amount
CODE			A012e		
1	Hameeda s/o Chanda	S.W	300	12	3,600
2	Nazir s/o Piyra	S.W	300	12	3,600
3	Gulzar s/o Desh	S.W	300	12	3,600
4	Bashir s/o Piyra	S.W	300	12	3,600
5	Anwar s/o Piyra 2	S.W	300	12	3,600
6	Mahna s/o Dolla	S.W	300	12	3,600
7	Sadiq s/o Munshi	S.W	300	12	3,600
8	Ashiq s/o Raja	S.W	300	12	3,600
9	Ashiq s/o Slakhan	S.W	300	12	3,600
10	Sarwar s/o Pohla	S.W	300	12	3,600
11	Anwar s/o Piyra	S.W	300	12	3,600
12	Saleem s/o Khariat	S.W	300	12	3,600
13	Aman s/o Jabro	S.W	300	21	3,600
14	Hanif s/o Ismail	S.W	300	12	3,600
15	Riaz s/o Raja	S.W	300	12	3,600
16	Kala s/o Raja	S.W	300	12	3,600
17	Mushtaq s/o Bagchia	S.W	300	12	3,600
18	Younis s/o Piyra	S.W	300	12	3,600
19	Hameed s/o Veero	S.W	300	12	3,600
20	Haidyat s/o Sheer	S.W	300	12	3,600
21	Jameel s/o Roshan	S.W	300	12	3,600
22	Arif s/o Bashir	S.W	300	12	3,600
23	Ashraf s/o Feroz	S.W	300	12	3,600
24	Gaman s/o Imam	S.W	300	12	3,600
25	Pervaiz s/o Miraj	S.W	300	12	3,600
26	Ashraf s/o Tahla	S.W	300	12	3,600
27	Manisha s/o Pyira	S.W	300	12	3,600
28	Patirs s/o Jabro	S.W	300	12	3,600
29	Manzoor s/o Iqbal	S.W	300	12	3,600
30	Sharif s/o Sardar	S.W	300	12	3,600
31	HanIf s/o Sardar	S.W	300	12	3,600
32	Hanif s/o Moja	S.W	300	12	3,600
33	Shahzad s/o Sarwar	S.W	300	12	3,600
34	Sajid w/o Tufail Masih	S.W	300		3,600
35	Ashraf s/o Khariat	S.W	300	12	3,600
36	Imran s/o Manzoor	S.W	300	12	3,600
Total					129,600