



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
TEHSIL MUNICIPAL ADMINISTRATIONS  
DISTRICT SHEIKHUPURA**

**AUDIT YEAR 2015-16**

**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

ACL	Audit Command Language
ADP	Annual Development Programme
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	Detailed Notice Inviting Tender
FCR	Final Completion Report
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government & Community Development
MFDAC	Memorandum for Department Accounts Committee
MRS	Market Rate System
NAM	New Accounting Model
PAO	Principal Accounting Officer
PAC	Public Accounts Committee
PCC	Plain Cement Concrete
PFR	Punjab Financial Rules
PDG	Punjab District Governments
PLA	Personal Ledger Account
PLGO	Punjab Local Government Ordinance
POL	Petroleum Oil and Lubricants
RCC	Re-inforced Cement Concrete
RDA	Regional Director Audit
SAP	System Application Product
SOP	Standing Operating Procedure
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)
TS	Technical Sanction
UA	Union Administration
UIP	Urban Immoveable Property

## **PREFACE**

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to audit the accounts of the Provincial Governments and the accounts of any authority or body established by, or under the control of the Provincial Government. Accordingly, the audit of all receipts and expenditures of the Local Fund and Public Accounts of 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 various offices of Tehsil Municipal Administrations of District Sheikhpura for the Financial Year 2014-15. The Directorate General of Audit District Governments Punjab (North) Lahore, conducted audit during 2015-16 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of

Rs 1.00 million or more. Relatively less significant issues are listed in the Annex-A of the Audit Report. The Audit observations listed in the Annex-A shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations 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 the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, to cause it to be laid before the Provincial Assembly of Punjab.

**Islamabad**  
**Dated:**

**(Imran Iqbal)**  
**Acting-Auditor General of Pakistan**

## EXECUTIVE SUMMARY

The Directorate General Audit (DGA), District Governments, Punjab (North), Lahore is responsible to carry out the Audit of District Governments, Tehsil / Town Municipal Administrations and Union Administrations of nineteen (19) districts. Its Regional Directorate of Audit, Lahore has Audit jurisdiction of District Governments, TMAs and UAs of five districts i.e. Lahore, Kasur, Sheikhupura, Okara and Nankana Sahib.

The Regional Directorate of Audit Lahore had a human resource of 20 officers and staff with a total of 5,706 man days and annual budget of Rs 25.020 million for the Financial Year 2015-16. It had mandate to conduct Financial Attest, Regularity Audit, Compliance with Authority and Performance Audit of programmes & projects. Accordingly, Directorate General Audit, District Governments Punjab (North), Lahore carried out audit of various offices of four(04) TMAs of District Lahore for Financial Year 2014-15.

Each Tehsil Municipal Administration in District Sheikhupura 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, development and to enforce all laws including Municipal Laws, Rules and Bye-laws. The Punjab Local Government Ordinance, 2001 requires the establishment of Tehsil/Town Local Fund and Public Account for which Annual Budget Statement is authorized by the Tehsil / Town Nazim, Tehsil / Town Council / Administrator in the form of budgetary grants.

Audit of TMAs of District Sheikhupura was carried out with a view to ascertaining that the expenditure was incurred with proper authorization and 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.

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

Total expenditure of four out of five TMAs of District Sheikhupura for the Financial Year 2014-15 under the jurisdiction of DG District Audit (North) Punjab was Rs 1,091.789 million covering four PAOs and four formations. Out of this, the Directorate General Audit (North) Punjab audited an expenditure of

Rs 764.252 million, which in terms of percentage, was 70% of the auditable expenditure.

Total receipts of four TMAs of Sheikhpura for the Financial Year 2014-15, were Rs 949.019 million. Directorate General Audit, District Governments, Punjab (North), Lahore audited receipts of Rs 664.313 million which were 70% of total receipts.

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

Recovery of Rs 100.554 million was pointed out, which was not in the notice of executive before audit.

**c) Audit Methodology**

Audit was performed through understanding the business processes of TMAs with respect to functions, control structure, prioritization of risk areas by determining 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. Formations were selected for audit in accordance with risks analyzed. Audit was planned and executed accordingly.

**d) Audit Impact**

A number of improvements, as suggested by audit, in maintenance of record and procedures, have been initiated by the concerned Departments. However, audit impact in the shape of change in rules has not been significant due to non-convening of regular PAC meetings. Had PAC meetings been regularly held, audit impact would have been manifold.

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

Internal control mechanism of TMAs of Lahore was not found satisfactory during audit. Many instances of weak Internal Controls have been highlighted during the course of audit which includes some serious lapses like withdrawal of public funds without advertisement at PPRA website. Negligence on the part of TMA authorities may be captioned as one of important reasons for weak Internal Controls.

Section 115-A (1) of PLGO, 2001 empowers Nazim / Administrator of each TMA to appoint an Internal Auditor but the same was not appointed in TMAs of Sheikhpura.

**f) Key audit findings of the report**

- i. Misappropriation of Rs 2.875 million was noted in one case.<sup>1</sup>.

ii. Non-production of record was noted in two cases.<sup>2</sup>

iii. Irregularity & Non-Compliance of Rs 237.695 million was noted in twenty two cases.<sup>3</sup>

iv. Recoveries of Rs 97.679 million was pointed out in twelve cases.<sup>4</sup>

Audit paras for the audit year 2015-16 involving procedural violations including internal control weaknesses and poor financial management not considered worth reporting are included in MFDAC (Annex-A).

**g) Recommendations**

Audit recommends that the PAO and management of TMAs should ensure the following:

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

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<sup>1</sup> Para 1.2.1.1

<sup>2</sup> Para 1.2.2.1, 1.5.1.1

<sup>3</sup> Para 1.2.3.2-3, 1.2.3.6, 1.3.1.1-5, 1.3.1.8-10, 1.3.1.12, 1.4.1.2, 1.4.1.4, 1.4.1.6-9, 1.5.2.1-3, 1.5.2.5

<sup>4</sup> Para 1.2.3.1, 1.2.3.4-5, 1.2.3.7, 1.3.1.6-7, 1.3.1.11, 1.4.1.1, 1.4.1.3, 1.4.1.5, 1.5.2.4, 1.5.2.6

## SUMMARY TABLES & CHARTS

**Table 1: Audit Work Statistics**

(Rs in million)

Sr. No.	Description	No.	Budgeted Figure		
			Expenditure	Receipts	Total
1	Total Entities (PAOs) in Audit Jurisdiction	5	1,490.612	1050.854	2,541.466
2	Total formations in audit jurisdiction	5	1,490.612	1050.854	2,541.466
3	Total Entities (PAOs) Audited	4	1,091.789	949.019	2,040.808
4	Total formations Audited	4	1,091.789	949.019	2,040.808
5	Audit & Inspection Reports	4	1,091.789	949.019	2,040.808
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports	-	-	-	-

**Table 2: Audit observation regarding Financial Management**

(Rs in million)

Sr. No.	Description	Amount Placed Under Audit Observation
1	Asset Management	19.367
2	Weak Financial Management	-
3	Weak Internal Controls relating to Financial Management	241.206
4	Others	77.676
<b>Total</b>		<b>338.249</b>



**Table 3: Outcome Statistics**

(Rs in million)

Sr. No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current year	Total last year
1	Outlays Audited	34.548	186.999	949.019	870.242	2,040.808*	1,613.99
2	Amount Placed under Audit Observation / Irregularities of Audit	19.367	62.198	107.872	148.812	338.249	214.478
3	Recoveries Pointed Out at the instance of Audit	-	5.616	89.651	5.287	100.554	104.903
4	Recoveries Accepted /Established at the instance of Audit	-	-	-	-	-	104.903
5	Recoveries Realized at the instance of Audit	-	-	-	-	-	-

\* The amount mentioned against Serial No.1 in column of “Total Current Year” is the sum of Expenditure and Receipts whereas the total expenditure for the current year was Rs1,091.789 million.

**Table 4: Irregularities pointed out**

Rs in million

<b>Sr. No.</b>	<b>Description</b>	<b>Amount Placed under Audit Observation</b>
1	Violation of Rules and Regulations, principle of propriety and probity in public operation.	95.793
2	Reported cases of fraud, embezzlement, theft and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM <sup>1</sup> , 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.	1.250
4	Quantification of weaknesses of internal control systems.	241.206
5	Recoveries and overpayment, representing cases of established overpayment or misappropriations of public monies.	-
6	Non-production of record.	-
7	Others, including cases of accidents, negligence etc.	-
<b>Total</b>		<b>338.249</b>

**Table 5: Cost-Benefit**

Rs in million

<b>Sr. No.</b>	<b>Description</b>	<b>Amount</b>
1	Outlays Audited (Items 1 of Table 3)	2,040.808
2	Expenditure on Audit	1.317
3	Recoveries realized at the instance of Audit	--
4	Cost Benefit Ratio	--

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<sup>1</sup>The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan.

## CHAPTER 1

### 1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, DISTRICT SHEIKHUPURA

#### 1.1.1 Introduction

TMA consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officer. Each TMA comprises five Drawing and Disbursing Officers i.e. TMO, TO (Finance), TO (I&S), TO (Municipal Regulation), TO (P&C). as per section (54) of PLGO, 2001, the main functions of TMAs are as follows:

- i. To prepare spatial plans for the Tehsil including plans for land use, zoning and functions for which TMA is responsible;
- ii. To 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. To enforce all municipal laws, rules and bye-laws governing TMA's functioning;
- iv. To prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils;
- v. To propose taxes, cess, user fees, rates, rents, tolls, charges, surcharges, levies, fines and penalties under Part-III of the Second Schedule and notify the same;
- vi. To collect approved taxes, cess, user fees, rates, rents, tolls, charges, fines and penalties;
- vii. To manage properties, assets and funds vested in the Tehsil Municipal Administration;
- viii. To develop and manage schemes, including site development in collaboration with District Government and Union Administration;
- ix. To 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;

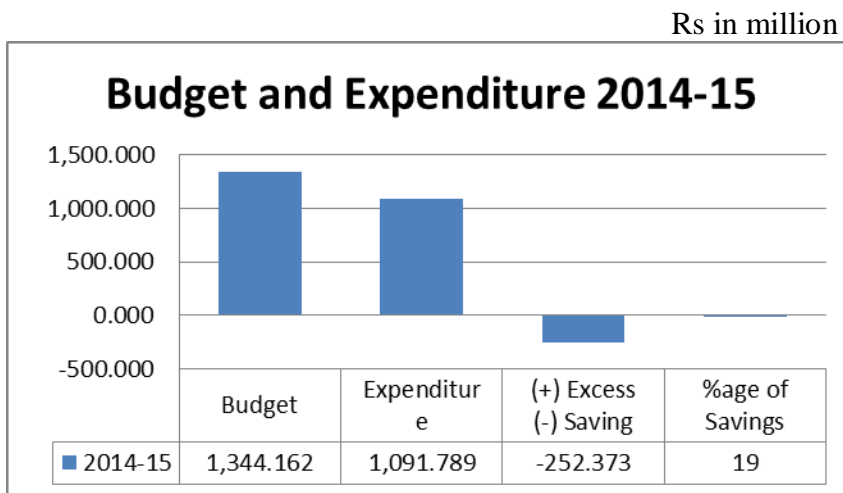
- x. To prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction;
- xi. To maintain municipal records and archives.

**1.1.2 Comments on Budget and Accounts (Variance Analysis)**

Total Budget of TMAs of District Sheikhpura was Rs 1,344.162 million (inclusive of Salary, Non-salary and development) whereas the expenditure incurred (inclusive of Salary, Non-salary and Development) was Rs 1,091.789 million showing savings of Rs 252.373 million which in terms of percentage was 19% of the final budget as detailed in (**Annex-B**):

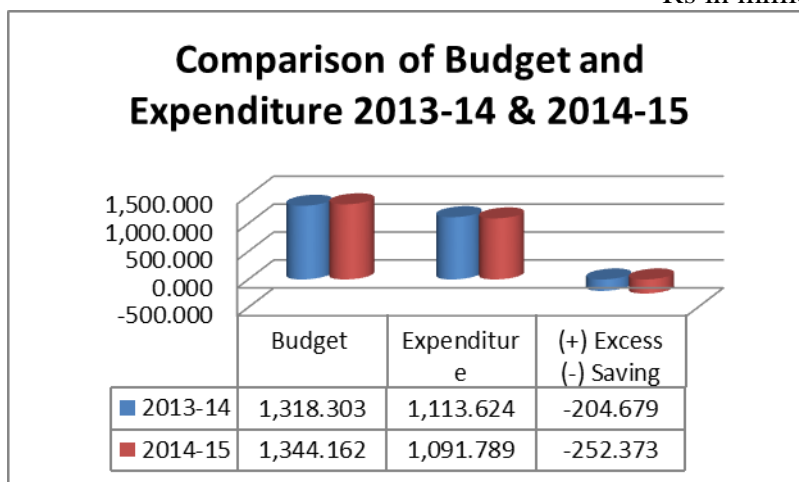
Rs in million

<b>F.Y 2014-15</b>	<b>Budget</b>	<b>Expenditure</b>	<b>Saving</b>	<b>%age of Saving</b>
Salary	584.302	477.767	106.535	18
Non Salary	567.580	427.023	140.557	25
Development	192.280	186.999	5.281	3
<b>Total</b>	<b>1,344.162</b>	<b>1,091.789</b>	<b>252.373</b>	<b>19</b>



The comparative analysis of the budget and expenditure of current and previous Financial Years is depicted as under:

Rs in million



The savings shown in the budget allocation of the Financial Years 2013-14 and 2014-15 were as follows:

Financial Year	Budget	Expenditure	Saving	%age of Saving
2013-14	1,318.303	1,113.624	-204.679	15
2014-15	1,344.162	1,091.789	-252.373	19

The management needs to justify the saving when the development schemes have remained incomplete.

### 1.1.3 Brief Comments on the Status of Compliance on MFDAC Audit Paras of Audit Report 2014-15

Audit paras reported in MFDAC of last year audit report which have not been attended in accordance with the directives of DAC have been reported in Part-II of Annex-A.

### 1.1.4 Brief Comments on the Status of Compliance with PAC Directives

The Audit Reports pertaining to following years were submitted to the Governor of the Punjab:

#### Status of Previous Audit Reports

Sr. No.	Audit Year	No. of Paras	Status of PAC Meetings
1	2009-12	10	Not convened
2	2012-13	09	Not convened
3	2013-14	42	Not Convened
4	2014-15	13	Not convened

# **1      AUDIT PARAS**

## **1.2 TMA Sheikhupura**

## 1.2.1 Fraud/ Misappropriation

### 1.2.1.1 Embezzlement of Government Money-Rs 2.875 million

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

Scrutiny of record of TMA Sheikhpura for the year 2014-15 revealed that income statement prepared by TAO reflected Rs 13.465 million as income of TMA but as per vouched account only an amount of Rs 10.590 million was shown deposited into TMA account. The whereabouts of Govt. money amounting to Rs 2.875 million was not traceable from the record of TMA.

**(Rs in million)**

Description of Receipt	Income generated as per record of TAO	Deposited as per record of TMO	Difference
Board Tax	7.737	5.290	2.447
Building Plan Fee	5.728	5.300	0.428
<b>Total</b>	<b>13.465</b>	<b>10.590</b>	<b>2.875</b>

Audit holds that there is a difference in the income statement and vouched receipts due to weak internal controls.

This led to misappropriation and misuse of public resources worth Rs 2.875 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends that matter may be investigated at appropriate level besides fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.5]



## **1.2.2 Non-production of Record**

### **1.2.2.1 Non- production of Record**

According to Section 14(1)(b) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the Auditor General shall have the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection. Further Section 115(5) & (6) of PLGO, 2001 stipulates, inter alia, that auditee organization shall provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

TMA Sheikhpura did not provide the following auditable record for audit scrutiny as detailed below:

- i. DDO / TO wise reconciled Income Statements, Expenditure Statements.
- ii. Complete list of sanctioned and available strength of all the vehicles of TMA.
- iii. All the performance reports maintained by the concerned authorities regarding performance of TMA and its staff.
- iv. The complete Inspection, Internal Audit, Monitoring and Physical Verification Reports.
- v. All the registers of assets of TMA.
- vi. Registers of all the roads and buildings, trees, shops and all other properties of TMA.
- vii. The Bank Statements of the accounts of TMA.
- viii. Contractors' Ledgers, Registers of Works, Registers of Advances.
- ix. The whole record of all types of auctions of condemned vehicles and other assets.
- x. The detailed record / information of all the receivables.
- xi. All the Stock Registers and Registers of History Sheets of repaired items.

- xii. The inventory lists containing complete information about all the assets, machinery and vehicles.
- xiii. Report regarding Distribution of Work among staff and officers of TMA.
- xiv. All the personal files and the whole record regarding service matters.

Audit was of the view that relevant record had not been produced to Audit for verification which may lead to likely misappropriation and misuse of public resources.

In the absence of record, authenticity, validity and accuracy of expenditure could not be verified.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalisation of report.

Audit recommends that matter be inquired into and responsibility fixed against the delinquent officers/ officials for non-production of record so as to ensure submission of record to audit for scrutiny.

[AIR Para No.4]

### **1.2.3 Irregularity and Non-compliance**

#### **1.2.3.1 Non-recovery of Water Charges– Rs 45.006 million**

According to the Rule 76 (1) of the Punjab District Government & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head. According to Section 118 of the Punjab Local Government Ordinance, 2001 read with Rule 12 of the Punjab Local Government (Taxation) Rules 2001, failure to pay any tax and other money claimable under this Ordinance shall be an offence and amount shall be recovered as arrears of Land Revenue.

Management of TMA Sheikhpura did not recover arrears of Rs 45.006 million on account of water charges for water supply connections from different consumers during the Financial Year 2014-15.

(Rs in million)

<b>Arrears as on 30-06-14</b>	<b>Demand for the year 2014-15</b>	<b>Total amount Due</b>	<b>Receipts during 2014-15</b>	<b>Amount due as on 30-06-15</b>
36.209	13.558	49.767	4.762	45.006

Audit holds that arrears on account of water charges were not recovered due to negligence on part of the management.

This resulted in non-recovery of water rates Rs 45.006 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalisation of report.

Audit recommends imposition of recovery besides fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.1]

#### **1.2.3.2 Irregular Payment to Daily Paid Staff –Rs 30.629 million**

According to Rule 4(3)(v) of PDG & TMA (Budget) Rules 2003, the head of office is responsible for ensuring that the funds allotted are spent on the activities for which the money was provided. Further, according to Finance Department's letter No. FD. SO (GOODS)44-4/2011 dated 6<sup>th</sup> August, 2014, no contingent paid staff shall be appointed without obtaining prior approval of Finance Department to keep the expenditure strictly within the budgetary allocation. As per preface of Schedule of Wage Rates, 2007 issued by the

Government of the Punjab Finance Department, the appointment of contingent staff may be made by competent authority subject to the following conditions;

- a) The posts shall be advertised properly in leading newspapers.
- b) The recruitment to all posts in the Schedule shall be made on the basis of merit specified for regular establishment vide para 11 of the Recruitment policy issued by S&GAD vide No. SOR-IV (S&GAD) 10-1/2003 dated 17.09.2004.

TMO Sheikhpura drew and expended Rs 30.629 million from the Local Fund for payment of salaries of 287 daily wages staff / contingent paid staff during 2014-15. Expenditure was held irregular due to the following reasons:

<b>Sr. No</b>	<b>Month</b>	<b>Amount (Rs in million)</b>
1	July, 2014	2.319
2	August, 2014	2.166
3	September, 2014	2.322
4	October, 2014	2.245
5	November, 2014	2.287
6	December, 2014	2.744
7	January, 2015	1.890
8	February, 2015	2.354
9	March, 2015	2.292
10	April, 2015	3.375
11	May, 2015	2.983
12	June, 2015	3.649
	<b>Total</b>	<b>30.626</b>

- i) Money was drawn from accounting head Pay of Staff i.e. regular budget instead of relevant head payment to contingent paid staff.
- ii) The prior approval of Finance Department was not obtained as it was neither available on record nor shown to audit.
- iii) Staff was appointed without fulfilling codal formalities as mentioned in the recruitment policy referred *ibid*.
- iv) No sanctioned strength of the contingent paid staff was available in the budget book.
- v) Appointment orders, duties roaster, disbursement record, acquittance rolls and CNIC copies were also neither available on record nor shown to audit.

Audit holds that payment on account of contingent paid staff without approval was made due to defective financial discipline and weak internal controls.

This resulted in irregular expenditure of Rs 30.629 million.

The matter was reported to TMO/PAO in February, 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No.6]

### **1.2.3.3 Unauthorized Repair of Transformer – Rs 3.842 million**

According to General Manager (Operation) WAPDA office letter No. 67251-33/GMO/CEHQ/6-B-F dated 27-06-2002, repair of defective/damaged transformer from private firms was stopped. The defective transformers should be sent to WAPDA approved Reclamation Workshops for repairs. Moreover, According to Rule 2.32 (a) of PFR Vol-1, all details about all accounts shall be recorded as fully as possible, so as to satisfy any enquiry that may be made into the particulars of any case.

During audit of TMA Sheikhpura for the Financial Year 2014-15 it was observed that an expenditure of Rs 3.842 million (**Annex-C**) was incurred on the repair of various transformers without obtaining NOC from the WAPDA. The need assessment of repair of transformers was neither on record nor shown to Audit for necessary verification. The chances of unnecessary expenditure could not be ruled out.

Audit is of the view that unauthorized expenditure was incurred due to weak financial discipline.

This resulted in unauthorized repair of transformer worth Rs 3.842 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.14]

#### **1.2.3.4 Non-recovery of Rent of Shops - Rs 3.015 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.

The management of TMA Sheikhpura did not recover the rent of shops amounting to Rs 3.015 million from different tenants during the Financial Year 2014-15.

Audit is of the view that non-recovery of rent of shops was due to weak financial management.

This resulted in non-recovery of rent of shops Rs 3.015 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends imposition of recovery besides fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.2]

#### **1.2.3.5 Non-imposition of Penalty–Rs 2.199 million**

As per Clause 39 of contract agreement, the contractor shall pay, as compensation, an amount equal to 1% 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.

TO (I&S) Sheikhpura awarded different works to various contractors during the Financial Year 2014-15 but the works were not executed within stipulated period. The contractors neither completed the works within stipulated time nor applied for any time extension. Department did not impose penalty on the contractors due to late completion of the schemes to the tune of Rs 2.199 million (**Annex-D**).

Audit holds that penalty for delay in completion of work was not imposed due to defective financial discipline and weak internal controls.

This resulted in overpayment to the contractors and loss of Rs 2.199 million to the Local Fund.

The matter was reported to TMO/PAO in February, 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends imposition of recovery besides fixing responsibility against the person(s) at fault for non-imposition of penalty under intimation to Audit.

[AIR Para No.13]

### **1.2.3.6 Unjustified Expenditure for Youth Festival-Rs 1.495 million**

According to Rule 12(1) of Punjab Procurement Rules 2014, procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website. Moreover, according to Rule 2.32 (a) of PFR Vol-1, all details about all accounts shall be recorded as fully as possible, so as to satisfy any enquiry that may be made into the particulars of any case.

TMO Sheikhpura incurred an expenditure amounting to Rs 1.495 million for Youth Festival. The expenditure was held unjustified due to the following reasons:

1. Advertisement on PPRA website was neither available on record nor shown to audit.
2. The detailed particulars, address, CNIC No. and proof of attendance of the participant and payees were not found on record for verification.
3. The attendance of participants and guests, was not found on record.
4. The need assessment of all types of expenditure was not found on record for verification. The chances of unnecessary and wasteful expenditure could not be ruled out.
5. Actual Payees Receipts were not found on record. Revenue stamps were also not affixed due to which a loss was sustained.
6. No committee was constituted for incurring the expenditure.

Audit was of the view that expenditure without advertisement and pre-requisites to maintain relevant record were not fulfilled due to weak internal controls.

This resulted in non-transparent expenditure of Rs 1.495 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.10]

### **1.2.3.7 Loss due to Purchase at Excessive Rate -Rs 1.049 million**

Rule 2.33 of PFR Vol-I states that every government servant will be held personally responsible for any loss sustained by government though fraud or negligence on his part.

The Management of TMA Sheikhpura purchased 300 KVA generator from M/s Orient Energy (Pvt) Ltd. Lahore for Rs 6.665 million vide invoice No. 14-12220-0156, dated 25/5/2-14. The generator was purchased at excessive rate as compared to the market rate. According to copy of Quotation of 300 KVA generator issued by M/s Hyundai (CMC Group of Companies), Lahore to M/s Manzoor Textile dated 1<sup>st</sup> February, 2016, the rate of 300 KVA Diesel generator made of UK was offered at Rs 5.616 million (inclusive GST).

Audit was of the view that generator was purchased at excessive rate due to weak internal controls.

This resulted in loss of Rs 1.049 million to the public exchequer.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against persons at fault besides recovery of loss from the concerned.

[AIR Para No.3]



### **1.3 TMA Ferozewala**

### 1.3.1 Irregularity and Non-compliance

#### 1.3.1.1 Excess Expenditure over and above the Budget Allocation - Rs 46.801 million

According to Rule 4 (3) (iv) of the PDG & TMA (Budget) Rules, 2003 the head of offices is responsible for ensuring that the total expenditure is kept within the limits of authorized appropriation. Further, Rule 66(5) of PDG & TMA Budget Rules 2003 the DDO shall not authorize any payment in excess of the funds placed at his disposal.

During scrutiny of annual statement of expenditure for the year 2014-15 of TMA Ferozewala, it was observed that expenditure of Rs 46.801 million was incurred over and above the budget allocation as details below:

**(Rs in million)**

Head of account	Budget 2014-15	Expenditure 2014-15	Excess Expenditure
A-3202-telephone	0.885	1.157	0.272
A-3303- electricity	20.850	28.590	7.740
A-3970-others/misc	14.750	23.541	8.791
A-13002-fabriciation	0.050	0.167	0.117
A-9503-others	2.200	2.323	0.123
A-13305-drain/sewerage	5.000	5.677	0.677
Ongoing scheme	2.000	2.883	0.883
ADP scheme	73.200	101.398	28.198
	<b>118.935</b>	<b>165.736</b>	<b>46.801</b>

Audit is of the view that excess expenditure was made due to poor budgeting and weak financial management.

This resulted in expenditure incurred over and above budgetary allocation worth Rs 46.801 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.5]

#### 1.3.1.2 Non-allocation of CCB Funds-Rs 18.300 million

According to Section 109(5)(a & b) of PLGO 2001, Twenty five percent of the development budget shall be set apart for utilization in community

development scheme. The development budget shall be prioritized in accordance with the bottom up planning system & funds allocated for CCBs is required to be expended on development projects with public participation.

TMA Ferozewala did not allocate an amount of Rs 18.300 million as 25% of the Annual Development Budget (ADP-Rs 73.20 million) for CCB schemes as per the Budget Book 2014-15 in violation of PLGO 2001.

Audit is of the view that allocation was not made due to weak financial management.

The non-allocation of funds for CCBs led to deprive the community of the desired service delivery of the socio-economic and development schemes.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.7]

### **1.3.1.3 Variation between Opening and Closing Balances-Rs 16.193 million**

According to Rule 2.31(a) of PFR Volume I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During scrutiny of record TMA Ferozewala for the Financial Year 2014-15, variation of Rs 16.193 million was found between closing balance of 2014-15 and opening balance of 2015-16. The detail is given as under:

<b>Sr. No.</b>	<b>Description</b>	<b>Amount (Rs in million)</b>
1	Opening balance on 1-7-2014	87.564
2	Grant received by TMA( including PFC)	145.756
3	Capital Receipts	2.019
4	Revenue Taxes	114.596
5	Non tax receipts	29.612
6	<b>Total Receipts during 2014-15</b>	<b>379.547</b>
7	Actual expenditure:	
8	Current	179.075
9	ADP on going	4.027
10	ADP new	96.621
11	<b>Total actual expenditure during 2014-15</b>	<b>279.723</b>
12	<b>Closing balance on 30-6-15 ( Row 6-11)</b>	<b>99.824</b>
13	<b>Opening balance shown on 1-7-15</b>	<b>116.017</b>

14	<b>Difference (Row 13-12)</b>	<b>16.193</b>
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Audit is of the view that difference was due to poor accounting resulting in unauthentic and doubtful accounts of TMA.

The matter was reported to the TMO / PAO in February 2016 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till the finalization of this Report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.25]

### **1.3.1.4 Expenditure without Advertisement at PPRA Website- Rs 13.172 million**

According to Rule 12(1)& (2) of Punjab Procurement Rules 2014, 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 PPRA regulation from time to time. All procurement opportunities over two million rupees should be advertised on the PPRA's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. Further, according to Government of the Punjab, Finance Department letter No. FD.SO(Goods)44-4/2011 dated 11<sup>th</sup> September 2014, procurement of items of machinery and equipment will be allowed with the prior concurrence of the Austerity Committee.

TMA Ferozewala drew Rs 13.172 million on account of procurement of truck, machine, tube well and execution of different works during the Financial Year 2014-15. Each Job Order cost over one hundred thousand rupees but the purchases were made and works were executed without advertisement at PPRA's website or in the newspapers. Moreover, purchases of equipment were made without concurrence of Austerity Committee.

<b>Vr. /Date</b>	<b>Description</b>	<b>(Rs in million)</b>
217/6-15	Truck	6.500
92/10-14	Wench Machine	0.998
165/6-15	Removal of Wall Chalking	1.548
164/6-15	Purchase of Star Delta Penal-Tubewell	1.126
90/11-2014	Desilting of Nullah at Ferozewala&Kot Abdul Malik	1.588
166/06-2015	Desilting of Nullah	1.412
<b>Total</b>		<b>13.172</b>

Audit is of the view that non-transparent procurements were made due to weak internal controls.

This resulted in non-transparent and irregular expenditure of Rs 13.172 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.1,4,36]

### **1.3.1.5 Non-maintenance of Log Books- Rs 6.699 million**

According to Clause 48(1)(i) and 49 of Appendix 14-Miscellaneous Rulings relating to Contingent Charges of PFR Vol-II, the purchase and replacement of vehicles including commercial vehicles shall be made subject to the condition that the strength of vehicles in the Department shall be sanctioned by the Finance Department. The accounts of petrol, oil, lubricant and spare parts should be maintained separately for each vehicle. Full particulars of the journeys and distances between two places should be correctly exhibited. The purpose of journey indicating the brief particulars of the journey performed should be recorded. The term "official" is not sufficient. The officer using the vehicle should sign the relevant entries in the Log Book. Moreover, according to Finance Department letter No. FD (MR) MW/1-4/92 dated 26<sup>th</sup> September, 1992, if entries in the stock register are not available or if the concerned officials are not present at the time of audit and record is not shown to auditors, the entries made and record produced afterward would not be accepted.

Contrary to above, TMA Ferozewala paid Rs 6.699 million(**Annex-E**) on account of POL for Jeeps, cars, tractors, jetting machine and generator but log books were not shown to audit.

Audit is of the view that due to poor financial discipline log books were not maintained.

This resulted in unjustified expenditure on account of POL worth Rs 6.699 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.24]

#### **1.3.1.6 Unauthorized Expenditure for Dengue – Rs 4.234 million**

According to Tehsil Municipal Administration Rules of Business 2002 read with District Governments Rules of Business 2001, prevention and control of infectious and contagious diseases is the function of District Governments Health Department rather than Tehsil Municipal Administration.

TMA Ferozewala paid Rs 4.234 million during 2014-15 on account of dengue campaign. The payments were held unauthorized because the function did not fall within the jurisdiction of TMA; instead, it fell within the purview of District Government Health Department. The detail is at **Annex-F**.

Audit is of the view that unauthorized expenditure was incurred due to weak financial controls.

This resulted in undue burden on the TMA for Rs 4.234 million.

The matter was reported to the TMO / PAO in February 2016 but no reply was furnished. Despite repeated requests, DAC meeting was not convened till the finalization of this Report.

Audit stresses for recoument of funds from District Government under intimation to Audit.

[AIR Para No.16]

#### **1.3.1.7 Non-imposition of Penalty – Rs 2.163 million**

As per Clause 39 of contract agreement, the contractor shall pay, as compensation, an amount equal to 1% 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.

TO (I&S) Ferozewala awarded different works to various contractors during the Financial Year 2014-15 but the works were not executed within stipulated period. The contractors neither completed the works within stipulated time nor applied for any time extension. Department did not impose penalty on the contractors due to late completion of the schemes to the tune of Rs 2.163 million (**Annex-G**).

Audit holds that penalty for delay in completion of work was not imposed due to defective financial discipline and weak internal controls.

This resulted in overpayment to the contractors and loss of Rs 2.163 million to the Local Fund.

The matter was reported to TMO/PAO in February, 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends recovery besides fixing responsibility against the person(s) at fault for non-imposition of penalty under intimation to Audit.

[AIR Para No.28]

### **1.3.1.8 Unjustified Expenditure on Rent of Wagons -Rs 2.009 million**

According to Rule 2.32 (a) of PFR Vol-1, all details about all accounts shall be recorded as fully as possible, so as to satisfy any enquiry that may be made into the particulars of any case.

During the scrutiny of record of TMA Ferozewala during 2014-15, it was observed that an expenditure of Rs 2.009 million was incurred on rent of wagons. These wagons were used for pick and drop for 17 days but purpose and justified approved schedule from competent authority was not shown to audit.

<b>Sr.#</b>	<b>Vr. #/month</b>	<b>Description</b>	<b>(Rs in million)</b>
1	91/11-14	Rent for wagon for TMA office F.wala	0.762
2	70/12-14	Rent for wagon for TMA office F.wala	0.702
3	124/2-15	Rent for wagon for TMA office F.wala	0.545
<b>Total</b>			<b>2.009</b>

Audit is of the view that irregular expenditure was incurred due to poor financial discipline.

This resulted in unjustified expenditure of Rs 2.009 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility for doubtful expenditure against the persons at fault.

[AIR Para No.13]

### **1.3.1.9 Unauthorized Expenditure on Spray Kits - Rs 14.999 million**

According to Rule 109(3) of PLGO 2001, no local government shall transfer monies to a higher level of Government except by way of repayment of

debts contracted before the coming into force of this Ordinance or for carrying out deposit works.

Scrutiny of record of TMA Ferozwala revealed that expenditure of Rs 1.532 million was incurred on account of purchase of spray kit items under the object head “3921-unforeseen” during 2014-15. The purchases were held irregular due the following reasons:

- Copy of approval from competent authority was not available on the record.
- This function relates to Health Department.

Vr. /month	Head of A/C	Description	Name of contractor	(Rs in million)
63/10-14	3921	Supply of spray mans kit	M J Enterprises	1.006
64/10-14	3921	-do-	-do-	0.526
<b>Total</b>				<b>1.532</b>

Further, an expenditure amounting to Rs 13.467 million was incurred under head 3918- National Events- without observing the following prescribed formalities.

- According to Rules of Business, this was not function of TMA to arrange temporary Bakar Mandi, Ramdan Bazar and Moharram events etc.
- Copy of office order for arranging this events was not available on the record.

Sr.#	Vr. #/month	Description	Amount (Rs in million)
1	68/10-14	Tempareary Bakar Mandi on Eid-ul-Azha	1.780
2	53/10-14	Ramzan Bazar TMA Ferozwala	3.272
3	100/9-14	Ramzan Bazar TMA Ferozwala	0.240
4	147/12-14	Moharram arrangement TMA Ferozwala	5.991
5	285/1-15	National Flag Jashne Azadi	2.184
<b>Total</b>			<b>13.467</b>

Audit was of the view that un-authorized expenditure was incurred due to poor financial discipline.

This resulted in unauthorized expenditure of Rs 13.467 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.



### 1.3.1.10 Irregular Expenditure due to Misclassification–Rs1.260 million

According to Rule 64(1)(ii) & (2)(i)(ii) of PDG & TMA (Budget) Rules 2003, each Local Government shall ensure that authorized budget allocations are expended in conformity with the Schedule of Authorized Expenditure and that there must be an appropriation of funds for the purpose besides sanction of an authority competent to sanction expenditure.

During audit of TMA Ferozewala for the period 2014-15, it was noticed that an amount of Rs 1.260 million was incurred on account of salary of Entomologists for dengue. The expenditure was held unauthorized because wrong head was charged as detailed below:

Vr.#/month	Head charged	Description	(Rs in million)
107/12-14	3940-others	Salary of Entomologists	0.251
17-11-14	3940	Salary of Entomologists for dengue	0.309
08-06-15	3940	Salary of Entomologists for dengue	0.047
08-06-15	3940	Salary of Entomologists for dengue	0.157
08-06-15	3940	Salary of Entomologists for dengue	0.137
30-03-15	3940	Salary of Dangu Spray man	0.359
<b>Total</b>			<b>1.260</b>

Audit holds that due to poor accounting, expenditure was charged to wrong head of account.

This resulted in irregular expenditure of Rs 1.260 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

### 1.3.1.11 Irregular Purchases of Store Items –Rs 6.289 million

According to the Government of the Punjab, Finance Department letter No. RO (Tech) FD-18-29/2004 dated 03-03-2005, store items are required to be purchased as per the procedure prescribed in the Purchase Manual and additional profit and overhead charges are prohibited on account of purchase of store items. As per Rule 4 of PPRA 2014, a procuring agency while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the

object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical.

During audit of TMA Ferozewala, scrutiny of payment record of store items revealed that an expenditure of Rs 6.289 million was incurred through adopting the procedure of awarding works to contractors by adding additional contractor's profit and overhead charges instead of adopting procedure prescribed in PPRA. This resulted in not only irregular expenditure of Rs 6.289 million but also over payment of Rs 1.258 million at the expense of the Local Fund as detailed in **Annex-H**.

Audit holds that irregular expenditure on account of store items was incurred due to defective financial discipline and weak internal controls.

This resulted in irregular expenditure of Rs 6.289 million and overpayment of Rs 1.258 million at the Local Fund.

The matter was reported to TMO/PAO in February, 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends imposition of recovery besides fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No.21]

### **1.3.1.12 Irregular Repair of Vehicles-Rs 1.202million**

According to Sr. No.4 of the Punjab Delegation of Financial Powers Rules 2006, the expenditure on account of repair is economical with reference to the service period of the vehicle. Repair charges were admissible up to 50% of the un-depreciated book value (cost of purchase) of vehicle in each case. According to Rule 12(1) of Punjab Procurement Rules 2014, 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 PPRA regulation from time to time.

Tehsil Municipal Administration Ferozewala expended and drew Rs 1.202 million on account of repair of transport without advertisement at PPRA website and without assessing 50% of the un-depreciated book value in violation of the above rule. The detail is as under:

<b>Vr#/month</b>	<b>Head of account</b>	<b>Description</b>	<b>Amount (Rs)</b>
17/1-15	13002	Repair of tractor no.SAG-11	0.160
16-03-15	13001	Repair of Vehicle No 4666	0.174
21-04-15	13001	Repair of Truck SAG 1033	0.314

14-11-14	13001	Repair of Tractor SAG 1032	0.180
14-11-14	13001	Repair of Tractor SAJ 10	0.158
29-06-15	13001	Repair of Tractor SAD 3155	0.216
<b>Total</b>			<b>1.202</b>

Audit was of the view that expenditure was incurred in violation of the condition of economical repair in breach of provisions of procurement Rules due to weak financial management.

This resulted in unauthorized expenditure of Rs 1.202 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends seeking regularization of the expenditure in the manner prescribed besides fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.10]

## **1.4 TMA Muridke**

## **1.4.1 Irregularity and Non-compliance**

### **1.4.1.1 Non-Realization of Arrears of Water Rates– Rs 16.145 million**

According to Section 118 of the Punjab Local Government Ordinance, 2001 read with Rule 12 of the Punjab Local Government (Taxation) Rules 2001, failure to pay any tax and other money claimable under this Ordinance shall be an offence and amount shall be recovered as arrears of Land Revenue.

TMA Muridke failed to realize an amount of Rs 16.145 million on account of arrears of water connections from the defaulters resulting in loss to the government as detailed below.

(Rs in million)

<b>Name of Unit</b>	<b>Arrears</b>	<b>Recovered</b>	<b>Recoverable</b>
CO Unit Muridke	14.535	0.961	13.574
CO Unit Narang Mandi	3.525	0.954	2.571
<b>Total</b>	<b>18.060</b>	<b>1.915</b>	<b>16.145</b>

Audit holds that due to weak internal controls and poor financial discipline amounts due were not recovered.

This resulted in non-realization of arrears of water rates Rs 16.145 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends imposition of recovery besides fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.15]

### **1.4.1.2 Irregular Execution of Works without preparation of PC-I- Rs 15.179 million**

As per Rule 4 read with Rule 7 of Tehsil/Town Municipal Administration (Works) Rules 2003, works costing below five hundred thousand shall be prepared and approved on the basis of cost estimates only and PC-I is required for works of Rs 500,000 or more.

TMA Muridke incurred expenditure of Rs 15.179 million (**Annex-I**) on execution of different development schemes during 2014-15. Expenditure was incurred without preparing PC-I in violation of rule *ibid*.

Audit is of the view due to poor planning and weak monitoring PC-I was not prepared.

This resulted in irregular expenditure of Rs 15.179 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.7]

#### 1.4.1.3 Less Recovery – Rs 12.999 million

According to Rule 76(1) of PDG & TMA (Budget) Rules, 2003 the primary obligation of the collecting officer 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 Muridke realized Rs 54.001 million against the budgeted demand of Rs 67.000 million on account of following head of receipts during 2014-15.

<b>(Rs in million)</b>			
<b>Income Head</b>	<b>Budgeted Amount</b>	<b>Recovery</b>	<b>Less recovery</b>
Tax on transfer of immovable property	62.000	52.388	9.612
License Fee on offensive trades	1.000	0.429	0.571
Fee for construction of building plan	4.000	1.185	2.815
<b>Total</b>	<b>67.000</b>	<b>54.001</b>	<b>12.999</b>

Audit holds that due to weak financial management the amount was not recovered.

This resulted in less recovery of Rs 12.999 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.10]

#### 1.4.1.4 Non-allocation / Utilization of CCB Funds–Rs 5.750 million

According to Section 109(5)(a & b) of PLGO 2001, Twenty five percent of the development budget shall be set apart for utilization in community development scheme. The development budget shall be prioritized in accordance with the bottom up planning system & funds allocated for CCBs is required to be expended on development projects with public participation.

TMA Muridke did not allocate Rs 5.750 million on account CCB share @ 25% of the annual development budget during the Financial Year 2014-15. Even if TMA did not allocate the share to CCBs, but the TMA could not utilize the amount available and it was mandatory for TMA to leave an unspent balance of Rs .2.267 million as on 30<sup>th</sup> June, 2014.

Audit is of the view that CCB share was not allocated due to weak financial discipline.

Non-allocation and non-utilization of CCB funds deprived the community of participation in the development schemes at the grass root level.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.25]

#### 1.4.1.5 Non-realization on account of Water Rates– Rs 4.594 million

As per Rule 76(1) of the PDG & TMA (Budget) Rules, 2003 the Collecting Officer is to ensure that all revenue due is claimed, realized and credited to local government fund.

TMA Muridke did not realize an amount of Rs 4.594 million on account of fee of water rates against demand of water supply connections for the year 2014-15 amounting to Rs 8.099 million as detailed below:

(Rs in million)

Name of Unit	Demand	Receipt	Shortfall
CO Unit Muridke	6.327	2.748	3.579
CO Unit Narang Mandi	1.772	0.757	1.015
<b>Total</b>	<b>8.099</b>	<b>3.505</b>	<b>4.594</b>

Audit holds that due to weak internal controls and poor financial discipline amounts due were not recovered

This resulted in non-recovery of government receipts Rs 4.595 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.14]

#### **1.4.1.6 Non-transparent Purchases – Rs 4.226 million**

As per Rule 9 of PPRA Rules 2014, a procuring agency shall announce in an appropriate manner all proposed procurements for each Financial Year and shall proceed accordingly without any splitting or regrouping of procurement so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website. Procurement over Rs 100,000 and up to Rs 2.00 million should be advertised on PPRA's website as well as in print media, if deemed necessary by the procuring agency.

TMA Muridke purchased different items valuing Rs 4.226 million (**Annex-J**) by violating the PPRA Rules during 2014-2015. The purchases were neither made with advance planning of classified purchases under each head nor the same uploaded at the PPRA website for obtaining economical rates. Moreover, stock entries were also not shown to audit.

Audit holds that due to weak internal controls repair was made by violating the PPRA rules.

This resulted in the non-transparent and doubtful purchases of Rs 4.226 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.8]

#### **1.4.1.7 Doubtful Consumption of POL - Rs 4.080 million**

According to Clause 48(1)(i) and 49 of Appendix 14-Miscellaneous Rulings relating to Contingent Charges of PFR Vol-II, the purchase and replacement of vehicles including commercial vehicles shall be made subject to the condition that the strength of vehicles in the Department shall be sanctioned by the Finance Department. The accounts of petrol, oil, lubricant and spare parts should be maintained separately for each vehicle. Full particulars of the journeys



and distances between two places should be correctly exhibited. The purpose of journey indicating the brief particulars of the journey performed should be recorded. The term “official” is not sufficient. The officer using the vehicle should sign the relevant entries in the Log Book. Moreover, according to Finance Department letter No. FD (MR) MW/1-4/92 dated 26<sup>th</sup> September, 1992, if entries in the stock register are not available or if the concerned officials are not present at the time of audit and record is not shown to auditors, the entries made and record produced afterward would not be accepted.

TMA Muridke incurred expenditure of Rs 4.080 on account of POL and repair of vehicles & motors etc during the year 2014-15. The same was held irregular due to the fact that neither Log Books of the fuel consumed was shown to audit nor average consumption certificate in respect of the same was on record. Further, history sheets for repair work were also not maintained.

Sr. No.	Vehicle No.	Amount (Rs in million)
1	Office Generator	0.578
2	SAG 8393	0.303
3	Tractor No.402	0.604
4	Engine No.62	0.241
5	Tractor No.14	1.136
6	Tractor No.13	1.162
7	Peter Engine No.6	0.056
<b>Total</b>		<b>4.080</b>

Audit holds that due to weak internal controls log books and history sheets were not maintained.

This resulted in doubtful consumption of POL Rs 4.080 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.3]

#### **1.4.1.8 Irregular Expenditure on Appointment of Daily Wages Staff- Rs 3.759 million**

According to Rule 4(3)(v) of PDG & TMA (Budget) Rules 2003, the head of office is responsible for ensuring that the funds allotted are spent on the activities for which the money was provided. Further, according to Finance Department

letter No. FD. SO (GOODS)44-4/2011 dated 6<sup>th</sup> August, 2014, no contingent paid staff shall be appointed without obtaining prior approval of Finance Department to keep the expenditure strictly within the budgetary allocation. As per preface of Schedule of Wage Rates, 2007 issued by the Government of the Punjab Finance Department, the appointment of contingent staff may be made by competent authority subject to the following conditions;

- a) The posts shall be advertised properly in leading newspapers.
- b) The recruitment to all posts in the Schedule shall be made on the basis of merit specified for regular establishment vide para 11 the Recruitment policy issued by S&GAD vide No. SOR-IV (S&GAD) 10-1/2003 dated 17.09.2004.

TMA Muridke drew and expended Rs 3.759 million from the Local Fund for payment of salaries to 125 daily wage staff / contingent paid staff during 2014-15 as detailed below.

<b>Sr. No.</b>	<b>Month</b>	<b>Muridke</b>	<b>Narang</b>	<b>Amount (Rs in million)</b>
1	July, 2014	0.643	0.336	0.979
2	August, 2014	0.918	0.434	1.352
3	October, 2014	1.004	0.423	1.427
	<b>Total</b>	<b>2.565</b>	<b>1.193</b>	<b>3.758</b>

Expenditure was held irregular due to the following reasons:

- i) Money was drawn from accounting head Pay of Staff i.e. regular budget instead of relevant head payment to contingent paid staff.
- ii) The prior approval of Finance Department was not obtained as it was neither available on record nor shown to audit.
- iii) Staff was appointed without fulfilling codal formalities as mentioned in the recruitment policy referred *ibid*.
- iv) No sanctioned strength of the contingent paid staff was available in the budget book.
- v) Appointment orders, duties roaster, disbursement record, acquittance rolls and CNIC copies were also neither available on record nor shown to audit.

Audit holds that payment on account of contingent paid staff without approval was made due to defective financial discipline and weak internal controls.

This resulted in irregular expenditure of Rs 3.759 million.

The matter was reported to TMO/PAO in February, 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No.4]

#### **1.4.1.9 Loss due to Non-auction of Collection Rights – Rs 1.700 million**

According to Rule 3 of the PLG (Auction of Collection Rights) Rules 2003, a local government may prefer to collect any of its income as specified in Second Schedule of the Ordinance through contractor by awarding collection rights to him for a period not exceeding one Financial Year.

TMA Muridke failed to lease out collection rights under the following receipt heads amounting to Rs 1.700 million during 2014-15 as detailed below:

<b>Sr. No.</b>	<b>Receipt Head</b>	<b>Loss (Rs)</b>
1	Parking Fee	0.200
2	License Fee Animal driven vehicles	0.200
3	Fee from other transport stand	0.300
4	Fee on public latrines	0.100
5	Sale of sullage water	0.100
6	Fee for fair, Agri-shows and public events	0.200
7	Sale of old stock & stores	0.100
8	Cattle Mandi	0.500
<b>Total</b>		<b>1.700</b>

Audit holds that due to poor financial management, the department failed to increase the income of TMA

This resulted in loss to the government Rs 1.700 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends imposition of recovery besides fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.9]

## **1.5 TMA Safdarabad**

## **1.5.1 Non-production of Record**

### **1.5.1.1 Non-production of Record**

According to Section 14(1)(b) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the Auditor General shall have the authority to require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection. Further Section 115(5) & (6) of PLGO, 2001 stipulates, inter alia, that auditee organization shall provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

TMA Safdarabad did not provide the following record pertaining to the Financial Year 2014-15 for audit verification.

<b>Sr. No.</b>	<b>Description of record</b>
1	Bank Statement
2	Movable and Immovable Property register
3	Security register
4	Enlistment of contractor register
5	Commercialization fee
6	Malba Tax
7	Register of tools & Plants
8	Liabilities Register

Audit holds that record was not produced due to non-maintenance.

In the absence of record, authenticity, validity and accuracy of corresponding expenditure could not be verified.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers / officials at fault besides production of record to Audit.

[AIR Para No.1]

## **1.5.2. Irregularity and Non-compliance**

### **1.5.2.1 Irregular Execution of Development Schemes-Rs 15.086 million**

As per Rule 4 read with Rule 7 of Tehsil/Town Municipal Administration (Works) Rules 2003, works costing below five hundred thousand shall be prepared and approved on the basis of cost estimates only and PC-I is required for works of Rs 500,000 or more.

TMA Safdarabad incurred an expenditure of Rs 15.086 million on account of execution of different development schemes during 2013-15. The expenditure was held unauthentic as valid Administrative Approval, Technical Sanction, Completion Reports, measurement books and PC-I were not provided. Moreover, income tax / professional tax due from the contractors was not shown to be deposited in government treasury. The detail of development schemes is at **Annex-K**.

Audit holds that due to poor financial discipline and weak monitoring development schemes were executed in violation of rules/ formalities.

This resulted in unauthentic expenditure of Rs 15.086 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers / officials at fault under intimation to Audit.

[AIR Para No.3,13]

### **1.5.2.2 Irregular and Doubtful Payment for Commutation, Pension and Leave Encashment –Rs 4.556 million**

As per LG &CD Department's letter No. SO IV (LG) 1-10/2002 dated 15<sup>th</sup> March 2003, employees adjusted in Local Governments fall in four categories for which there is a bar on TMA regarding payment of Pension and Commutation to employees and issuance of P.P.O's. According to Rule 2.32 (a) of PFR Vol-1, all details about all accounts shall be recorded as fully as possible, so as to satisfy any enquiry that may be made into the particulars of any case.

TMA Safdarabad drew and expended Rs 4.556 million for pension, commutation and encashment to retired employees whose pension liabilities were specifically entrusted to either District Governments, Local Council Pension Fund

maintained by Punjab Local Government Board or Government of the Punjab. Moreover, drawls could not be termed as legitimate due to the following reasons:

- i. Pension was paid in cash to the employees and acknowledgment of payees receipts were not on record.
- ii. Increase in the pension were not authorized by the competent authority.
- iii. In case of the payment of commutation the service statement / service books in support of qualifying services were not available.
- iv. The orders for the retirement of employees were not provided.
- v. Last payment certificate issued by the authorized Accounts Office was not available.
- vi. In cases of payment of leave encashment the leave accounts of employees duly verified by the DDO and authorized accounts office was not available.
- vii. There was no evidence that the employees have minimum 365 days leave credit in their leave accounts and they did not avail any leave in last year of service.

Audit holds that due to the weak internal controls, the payment process was not free from deviations and departures from the conditions set forth under the Rules.

In the absence of forgoing record and provision of rules, the authenticity of drawl of Rs 4.556 million could not be verified as detailed below:

Sr. No.	No. of employees	Name of the Centre	Pension per month (Rs)
1	28	CO Unit Safdarabad	0.199
2	24	CO Unit KhanqaDogran	0.181
Total			0.380
0.380 x 12			<b>4.556</b>

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the person(s) responsible for irregular payment besides recovery under intimation to Audit.

[AIR Para No.2]

### **1.5.2.3 Non-recovery of Arrears from Defaulters -Rs 2.666 million**

According to Section 118 of the Punjab Local Government Ordinance, 2001 read with Rule 12 of the Punjab Local Government (Taxation) Rules 2001, failure to pay any tax and other money claimable under this Ordinance shall be an offence and amount shall be recovered as arrears of Land Revenue.

During audit of TMA Safdarabad for the period 2013-15, scrutiny of the letter No.320 dated 13-06-2011 of TMA Safdarabad revealed that arrears of Rs 2.666 million were lying recoverable from eleven defaulting contractors for the period 2003-04 and 2004-05 on account of leases of Parking fee, Adda Tanga fee, House Tax fee, Building fee, slaughter house and professional tax. Neither the arrears were recovered nor any action taken by the TMA authorities despite lapse of considerable period.

Audit holds that due to poor financial discipline and weak management arrears were not recovered

This resulted in non-realization of government revenue worth Rs 2.666 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends imposition of recovery besides fixing responsibility against the officers / officials at fault under intimation to Audit.

[AIR Para No.14]

### **1.5.2.4 Non-transparent Purchases - Rs 1.970 million**

As per Rule 15.4 (a) & 15.7 of PFR Vol-1, all material must be examined, counted, weighed or measured as the case may be and recorded in an appropriate stock register and signatures from the issuing persons and acknowledgement from the receiving persons be made.

TMA Safdarabad incurred an expenditure of Rs 1.970 million on account of purchase of two tractors during 2014-15. The expenditure was held non-transparent and irregular due to the following reasons:

- i. The stock entries in the stock register had not been shown to be made.
- ii. Income tax was not deducted.
- iii. Payments were made in cash instead of crossed cheque.



- iv. The payment vouchers along with supporting documents and invoices from the suppliers were withheld from presentation before the audit team i.e with no substantiation to rule.

Token / date	Item	Amount (Rs)
1206 dt 18-12-2014	Purchase of tractor MF 260	0.838
852 14-12-2013	Purchase of tractor MF 385	1.132
<b>Total</b>		<b>1.970</b>

Audit holds that due to poor financial discipline and weak internal controls non-transparent purchases were made.

This resulted in irregular expenditure of Rs 1.969 million.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends fixing responsibility against the officers/ officials at fault under intimation to Audit.

[AIR Para No.15]

#### **1.5.2.5 Non-Realization on account of Water Rates and Rent of Shops– Rs 2.354 million**

According to the Rule 76 (1) of the Punjab District Government & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head. According to Section 118 of the Punjab Local Government Ordinance, 2001 read with Rule 12 of the Punjab Local Government (Taxation) Rules 2001, failure to pay any tax and other money claimable under this Ordinance shall be an offence and the amount shall be recovered as arrears of Land Revenue.

TMA Safdarabad did not realize arrears of Rs 2.354 million on account of water rates and rent of shops during 2013-15. The detail is at **Annex-L**

Audit holds that due to weak financial management arrears were not recovered resulting in loss of Rs 2.354 million to public exchequer.

The matter was reported to the TMO / PAO in February 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends recovery besides fixing responsibility against the officers / officials at fault under intimation to Audit.

[AIR Para No.5,7]

### **1.5.3. Performance**

#### **1.5.3.1 Non-achievement of Receipt Targets – Rs 22.530 million**

According to Rule 16(1) and 79(3) of PDG and TMA Budget Rules 2003, on receiving the estimates of receipts from the Collecting Officer, each Head of Offices concerned shall finalize and consolidate the figures furnished by his Collecting Officers. The Head of Offices and Collecting Officers shall be responsible for the correctness of all figures supplied to the Finance and Budget Officer and the sanction of the competent authority is necessary for the remission of, and abandonment of claims to revenue.

Management of TMA Safdarabad collected Rs 3.770 million on account of various heads of income against targeted figure mentioned in the budget worth Rs 26.300 million.

Audit holds that Head of Offices/ Administrator and Collecting Officers/ concerned Town Officers were responsible for the targets which were not achieved due to defective financial discipline and weak internal controls.

This resulted in less achievements of targets of receipts to the tune of Rs 22.530 million.

The matter was reported to TMO/PAO in February, 2016. The reply was not furnished and DAC meeting was also not convened till finalization of report.

Audit recommends recovery besides fixing responsibility against the person(s) at fault under intimation to Audit.

[AIR Para No.4]

# **ANNEXURE**

**Annex-A**

**MFDAC (AY 2015-16)**

**(Rs in million)**

<b>Sr. No.</b>	<b>Name of Formation</b>	<b>Description</b>	<b>Nature of observation</b>	<b>Amount</b>
1	TMA Sheikhupura	Non-verification of payment of GST.	Irregularity	0.968
2		Clearing Previous Year's Liabilities without mentioning in Form 27 of PFR Vol-II	Irregularity	-
3		Non Approval of Lead Chart	Irregularity	0.183
4		Loss due to less recovery on account of Slaughter House	Recovery	0.797
5		Splitting of development schemes of different places by different contractors	Irregularity	---
6		Execution of Scheme without Approval of Rate Analysis/ schemes	Irregularity	
7		Purchases of plants for parks, CCTV cameras and windows without approval of Austerity	Irregularity	-
8		Execution of Schemes without technical sanction by DO roads/ DO Buildings instead of TO (I&S)	Irregularity	-
9		Delayed provision of utility of Development Schemes	Irregularity	-
10		Less retention of closing balance	Irregularity	-
11		Non-utilization of Development Funds	Irregularity	-
12		Excess expenditure over budget allocation	Irregularity	-
13		Un-even and un-realistic preparation of budget estimates	Irregularity	-
14		Non-conducting of post completion evaluation of development projects	Irregularity	-
15		Non certification of Development Schemes as MBs were not signed by CE	Irregularity	-
16		Unjustified Expenditure of POL without sanctioned strength	Irregularity	-
17		Doubtful and Unjustified Expenditure	Irregularity	0.174
18		Unjustified Allocation for Unforeseen Expenditure	Irregularity	-
19		Less realization of UIP Share, municipal fines and building map fee	Recovery	-
20		Weak Internal Financial Controls resulting in Misc. Audit Observations	Irregularity	-
21	TMA	Allocation of funds under self control from	Irregularity	-

	Ferozwala	which no penny was spent		
22		Re-appropriation of funds without approval of FD, Government of the Punjab	Irregularity	-
23		Non transferred of lapsed security into TMA fund	Irregularity	0.289
24		Non allocation of Funds for Sports & Youth Activities	Irregularity	-
25		Non reconciliation of TTIP income with revenue department	Irregularity	-
26		Irregular expenditure under head-13101- Repair of machinery	Irregularity	0.203
27		Irregular expenditure on removing of wall chalking as advertisement was not shown	Irregularity	-
28		Non-refund of expenditure on account of Cattle Mandi from Provincial Government	Irregularity	-
29		Payment made to DGPR by TMA for Advertisement but acknowledgement was not shown	Irregularity	-
30		Abnormal billing of electricity charges of street light meters without taking load	Irregularity	-
31		Non reconcile of branch wise Income and Expenditure statements	Irregularity	--
32		Loss due to less targets achieved on account of municipal fines, building map fees and UIP share	Irregularity	-
33		Non Approval of Lead Chart by the Competent Authority for Earth work	Irregularity	--
34		Carpeting was laid but invoice of bitumen was not shown to Audit	Irregularity	-
35		Over payment due to allowing excessive rate for RCC work	Recovery	0.029
36		Excess payment on account of Quantity Executed over and above of TS Estimates	Irregularity	0.994
37		Un-authorized expenditure on account of non schedule item	Irregularity	0.377
38		Non Deduction on Account of Price Variation on Diesel	Recovery	0.401
39		Premature Release of Securities	Irregularity	0.922
40		Non recovery of Enlistment and Renewal Fee Record of Contractor as record of renewal and enlistment was not provided	Recovery	-
41		Non recovery of Professional Tax from Contractors	Recovery	0.920
42		Non Recovery Tender Form Fee	Recovery	0.148
43	TMA Muridke	Irregular payment on account of sports	Irregularity	0.648

		festival		
44		Loss due to non payment by the contractor	Irregularity	0.052
45		Doubtful pension payments to retired employees	Irregularity	-
46		Unjustified Payment of Hiring of Tractor Trolleys	Irregularity	0.909
47		Non-Recovery for Delay in Completion of Work	Recovery	0.249
48		Non-Deposit of Income Tax / General Sales Tax	Recovery	-
49		Unauthorized Expenditure Beyond the Competency	Irregularity	0.198
50		Loss due to non deduction of shrinkage	Recovery	0.145
51		Doubtful payment due to availability of acknowledgements of payee	Irregularity	-
52		Overpayment to contractors for MS Bars	Recovery	0.050
53		Award of contracts without fulfillment of codal formalities	Irregularity	-
54		Less collection of income than targets under Fines / penalties / encroachment activities	Recovery	-
55		Overpayment for RCC by applying incorrect rates	Recovery	0.154
56		Unauthorized Expenditure	Irregularity	0.917
57		Non reconciliation cash balance and un-authentic receipts and payments	Irregularity	-
58		Unauthorized expenditure due to removal of Malba	Irregularity	-
59		Less receipt of license fee than estimated figure	Recovery	-
60		Unauthorized payment to Legal Advisor	Irregularity	0.180
61	TMA Safdarabad	Non-Deposit of Income tax / General Sales Tax	Recovery	-
62		Loss due to non deduction of shrinkage on account of earth filling	Recovery	0.148
63		Less collection of income than target under Fines / penalties / encroachment activities	Recovery	-
64		Non reconciliation cash balance and un-authentic receipts and payments	Irregularity	-
65		Non allocation of funds for CCB development schemes	Irregularity	-
66		Less receipt of license fee than estimated figure	Recovery	-
67		Expenditure incurred on youth festivals and Ramzan bazaar by TMO beyond	Irregularity	-

		competency		
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### MFDAC (AY 2014-15)

(Rs in million)

Sr. No.	Name of the TMA	Subject	Nature of Para	Amount
1	TMA Sheikhupur a	Unauthorized advertisement of Contracts	Irregularity	5.834
2		Loss to the government due to less realization of receipts than targets	Irregularity	70.438
3		Unauthorized expenditure of Regulations Branch	Irregularity	0.450
4		Overpayment to contractors for MS Bars	Recovery	0.040
5		unauthorized expenditure	Irregularity	1.051
6		Unauthorized expenditure without approval of Rate Analysis	Irregularity	0.606
7		Unauthorized expenditure due to overlapping of PCC	Irregularity	1.269
8		Unauthorized payment due to non maintaining lead chart of earth filling	Irregularity	0.703
9		Non recovery of 10% Advance Income Tax on Sale by Auction	Recovery	0.205
10		Unauthorized expenditure	Irregularity	0.131
11		Unauthorized payment	Irregularity	0.095
12	TMA Ferozewala	Non preparation of branch wise Income and Expenditure statements million	Irregularity	305.974
13		Loss due to less targets achieved		21.863
14		Unauthorized Expenditure by misclassification	misclassification	17.980
15		Improper maintenance of Cash Book of Regulations Branch	Irregularity	5.073
16		Non reconciliation of income of P&C Branch	Irregularity	5.047
17		Unauthorized Expenditure on Gully Grating	Irregularity	0.453
18		Unauthorized Expenditure Beyond TS Estimates	Irregularity	0.320
19		Less deduction of Income Tax on Advertisement Fee	Recovery	0.217
20		Unauthorized Repair of Transformer	Irregularity	0.197
21		Overpayment for RCC by applying incorrect rates	Recovery	0.161
22		No collection of income under Fines /	Irregularity	5.073

<b>Sr. No.</b>	<b>Name of the TMA</b>	<b>Subject</b>	<b>Nature of Para</b>	<b>Amount</b>
		penalties / encroachment activities		
23		Doubtful expenditure on preparation of copies of Maps of Union Councils	Irregularity	0.099
24		Irregular purchase on account of manholes	Irregularity	1.999
25		Non-imposition of penalty due to delay	Recovery	0.900
26		Over payment	Irregularity	0.029
27		Substandard use of Bitumen without obtaining documentary evidence	Irregularity	1.038
28		Execution of Substandard work due to less use of steel in RCC	Irregularity	0.732
29	TMA Muridke	Non maintenance of classified and progressive expenditure statement/register on monthly basis and incorrect expenditure statement	Irregularity	566.502
30		Unjustified Expenditure as legal advisors	Irregularity	0.180
31		Unauthorized payment on purchase of Mobile Sets	Recovery	0.050
32		Overpayment on account of extra mileage for tuff tiles	Recovery	0.177
33		Non-imposition of Penalty on late completion / non completion of scheme	Recovery	0.120
34		Less Realization of Receipt from General Bus Stand	Recovery	0.100
35		Non Recovery Tender form Fee	Recovery	0.120
36		Irregular/Doubtful execution of work without Estimate, Technical Sanction and other formalities	Irregularity	11.165



**Annex-C**  
**(Para -1.2.3.3)**

<b>Sr. No.</b>	<b>Voucher / Cheque No.</b>	<b>Date</b>	<b>Amount (Rs in million)</b>
1	81,83,85,87	06.08.14	0.326
2	5,7,9,11,13	06.08.14	0.197
3	15,17,19,23,25,75,77,79	06.08.14	0.381
4	174	21.08.14	0.092
5	194,196,198,200,226,228	21.08.14	0.529
6	48,56,58,65,67,69	11.11.14	0.263
7	50-53	11.11.14	0.049
8	155,175,177,179	24.11.14	0.262
9	191-200	22.12.14	0.185
10	301	20.01.15	0.044
11	61,63,65	04.03.15	0.264
12	1303845615	02.04.15	0.589
13	1303845616	02.04.15	0.211
14	1303845684	03.06.15	0.450
<b>Total</b>			<b>3.842</b>

**Annex-D**  
**(Para -1.2.3.5)**

Name of scheme	Name of contractor	Date of work order	Commencement Date	Target date of completion	Cost (Rs in million)
Laying tuff tile Nawaz Sharif Park NA133	Waris Ansari	14.06.14	14.06.14	14.09.14	1.675
Construction of PCC floor, drain street Malik Arshad link street Marr wala road PP136	Javed Akhtar	14.06.14	14.06.14	14.09.14	0.959
Construction of park behind canal colony Muridkey road Farooqabad	Anjum traders	21.06.14	21.06.14	21.10.14	2.994
Construction of road graveyard Dhant Pura	Ithad brothers	01.12.12	01.12.12	15.03.13	2.493
Re boring 2 cusic tube well no. 17 near Live Stock office Roshan Pura	Hamad Raza& Co.	14.12.13	14.12.13	01.03.14	2.500
Re boring 2 cusic tube well No. 24 Ghan road st.No3 near UC office Rasoolpura	Hamad Raza& Co.	14.12.13	14.12.13	01.03.14	2.500
Re boring 2 cusic tube well No. 7 Rasool Nagar	Hamad Raza& Co.	14.12.13	14.12.13	01.03.14	2.500
Re boring 2 cusic tube well No. 3 Stadium Park	HamadRaza& Co.	14.12.13	14.12.13	01.03.14	2.500
Making C.R. Paint, Art work Centre median Batti Chowkto DHQ Hospital SKP	Waris Ansari	21.06.14	21.06.14	21.08.14	1.100
Construction of main Gate Railway station chowk Nawaz Sharif Park	HamadRaza& Co.	24.06.14	24.06.14	24.07.14	1.450
desilting sewer line city SKP	Waris Ansari	-	-	20.09.14	1.000
Laying sewer pipe, Jandiala road Jagarta road near office WAPDA	Waris Ansari	17.06.14	17.06.14	31.07.14	0.320
<b>Total</b>					<b>21.991</b>
<b>Penalty @ 10%</b>					<b>2.199</b>

**Annex-E**  
**(Para-1.3.1.5)**

<b>Sr. No</b>	<b>Vehicle No.</b>	<b>(Rs in million)</b>
1	SAF-4666	0.276
2	SAJ-17	0.956
3	Generator in TMO office	0.375
4	SAJ-1004 sucker machine	0.969
5	Disposal works CO unit FerozewalaUmer Park	0.666
6	Tractor SAF-4663	0.385
7	Tractor SAJ-11	0.491
8	Tractor SAJ-18	0.401
9	Tractor SAG-1032 CO unit KAM	0.587
10	Tractor SAJ-10	0.672
11	Tractor SAD-3155	0.437
12	Tractor SAJ-19	0.484
<b>Total</b>		<b>6.699</b>

**Annex-F**  
**(Para-1.3.1.6)**

<b>V. No. /Date</b>	<b>Head of account</b>	<b>Description</b>	<b>Amount (Rs)</b>
48/10-14	3907	Stickers for dengue	0.529
63/10-14	3921	Supply of spray kit etc	1.006
54/10-14	3921	-do-	0.526
51/10-14	3921	Refreshment for dengue meeting	0.078
214/6-15	3940	Pamphlet for dengue awareness	0.417
107/12-14	3940	Salary of Entomologists for dengue	0.251
17-11-14	3940	Salary of Entomologists for dengue	0.309
08-06-15	3940	Salary of Entomologists for dengue	0.046
08-06-15	3940	Salary of Entomologists for dengue	0.157
08-06-15	3940	Salary of Entomologists for dengue	0.138
30-03-15	3940	Salary of Dangu Spray man	0.359
40/10-14	3907	Flex for dengue	0.418
<b>Total</b>			<b>4.234</b>

**Annex-G**  
**(Para-1.3.1.7)**

<b>Name of Scheme</b>	<b>Start Date</b>	<b>Due Date of Completion</b>	<b>Actual Date of Completion</b>	<b>Estimated Cost (Rs)</b>	<b>Penalty @ 10% (Rs)</b>
Const of sewerage & PCC Sajjad Street Imamia Colony	25-08-14	24-10-14	25-01-15	1,200,000	0.120
Const of Drains and PCC Khanpur UC-41	27-08-14	26-10-14	14-05-15	1,300,000	0.130
Const of PCC Streets BurjAttari	25-08-14	24-10-14	30-06-15	1,200,000	0.120
Const of Nallah& PCC street Rana Anwar Ali UC 26 Shamkay	27-08-15	26-10-14	31-12-14	1,200,000	0.120
Const of Soling PCC etcMouzaSagianKalan UC-42	18-09-14	17-11-14	24-01-15	1,500,000	0.150
Const of Boundary Wall Graveyard KotalKotPindi Das	25-08-14	24-08-14	4/2/2015	1,500,000	0.150
Const of Soling Rasta ChoriyanWala	30-08-14	29-10-14	24-12-14	2,500,000	0.250
Const of PCC and Nallah Main road to ChowkRanaBhatti UC 33	27-08-15	26-10-14	28-01-15	2,000,000	0.200
Const of boundary wall office complex TMA Ferozwala	24-10-14	23-01-15	14-05-15	1,830,000	0.183
Const of Slaughter House Ferozewala	25-08-14	15-12-14	20-06-15	3,900,000	0.390
Const of Pukhta road Balance Portion SarmadShaheed Road	27-08-15	26-10-14	30-06-15	1,500,000	0.150
Const of Drains and PCC Bazar RanaBhatti UC-33	27-08-15	26-10-14	28-04-15	2,000,000	0.200
<b>Total</b>					<b>2.163</b>

**Annex-H**  
**Para-1.3.1.11**

<b>Vr. #/month</b>	<b>Head of A/C</b>	<b>Description</b>	<b>Amount (Rs in million)</b>
13/10-14	A-13602	Purchase of manhole covers 22”	0.998
P.78/13-10-14	13503	-do-	1.298
-do-/14-10-14	-do-	-do-24”	1.001
-do-	-	-do- 26”	1.002
P . 78/26-3-15	-do-	-do- 24”	0.479
-do-	-do-	-do-	0.522
-do-	-do-	-do-	0.288
-do-	-do-	-do-	0.702
<b>Total</b>			<b>6.289</b>
<b>Contractors’ profit Rs6,288,776*20%</b>			<b>1.258</b>

**Annex-I**  
**Para-1.4.1.2**

<b>Name of the scheme</b>	<b>Contractor</b>	<b>Amount (Rs in million)</b>
Const. of PCC /sewerage, Boota Street, Rehmania Colony	Mian Brothers	0.850
Const of soling and drain at Kala Khatai Station	Ali RazaSiddiq	0.500
Const of PCC & drain, Pindori	M. Hussain	0.600
Const of soling & sewerage, NangalSadhan	Chaudhary& Co.	0.600
Const of motor cycle under pass	Mian Brothers	1.530
Const of soling fomMuridke to skp to Sohaib Rice Mills Fatehpuri	Sajjad Ahmad	1.200
Const of drain &PCC Qaimpura	Sajjad Ahmad	0.700
Const of Green Belt at Bus Terminal	M. Shafiq	0.699
Const of wall at NalaDaik , Bugekey	Ali RazaSiddiq	1.000
Underpass Railway station Mohalla Ahmad pura city	Chaudhary& Co.	4.900
Const of dressing room for foot ball players	MS Enterprises	1.600
Const of drain &PCC Chak No.48	Chaudhary& Co.	1.000
<b>Total</b>		<b>15.179</b>

**Annex-J**  
**Para-1.4.1.6**

<b>Token No.</b>	<b>Date</b>	<b>Item particulars</b>	<b>(Rs in million)</b>
26	13-10-2014	Hiring charges of Toyota Hiace / M.Siddiq	0.136
25	13-10-2014	Hiring of car with petrol	0.075
23	1/10/2014	Hiring of excavator machine/ Khokar & Co.	0.220
36	13-10-2014	Independence day -Flags, lights, decoration	1.152
31	13-10-2014	Provision of danguie kit / M. Siddiq	0.119
32	13-10-2014	Provision of danguie kit / M. Siddiq	0.272
33	13-10-2014	Purchase of tyres	0.390
34	13-10-2014	Tarpal cloth / M. Siddiq	0.555
24	13-10-2014	Accessories for peter engine/ Khokar & Co.	0.296
42	13-10-2014	19 Nos Dewatering sets / Ali Raza Siddiq	0.457
50	18-08-2014	Repair of 25HP Motor	0.107
52	18-08-2014	Purchase of tyres	0.049
53	18-08-2014	Grass Cutting machine	0.148
96	28-08-2014	Repair of hand carts	0.072
76	12-09-2014	Electric Cooler of 45 Ltr Capacity / Khokar & Co.	0.178
<b>Total</b>			<b>4.226</b>



**Annex-K**  
**Para-1.5.2.1**

Sr. No.	ADP 2013-14	(Rs in million)
1	Const. & repair Lahore to Sargodha road, Drain Cheena road, Khanqah Dogran	2.500
2	Const. & repair of soling, culverts, drain Safdarabad	1.000
3	Const. & repair of soling, culverts, drain Masjid street, Mohalla Rasoolnagar, Khanqah Dogran	1.000
4	Const of water taps and platform for water supply	0.043
5	Const of water taps and platform for water supply Khanqah Dogran	0.043
	<b>ADP 2014-15</b>	<b>0</b>
6	Const. of drain, soling Ghania Ghazi	1.000
7	Const. of drain, soling Chapanwali	1.000
8	Const. of drain, soling, boundary wall grave yard Mir Zaman	1.500
9	Const. of drain, soling Mataba	1.000
10	Const. of drain, soling Aktharabad	1.000
11	Const. of drain, soling Safdarabad to Gondlanwala	1.000
12	Const. of PCC, soling G.R.Cheema street	0.500
13	Const. of drain, soling Zafarullah street Rasoolpur Jattan	0.500
14	Const. of culvert, soling Hajiabad	1.000
15	Const. of drain, soling Bahalekey	0.700
16	Const. of drain, soling Grohanwala	0.700
17	Const. of drain, soling, culvert Zahid Burkahari street	0.600
	<b>Total</b>	<b>15.086</b>

**Annex-L**  
**(Para-1.5.2.5)**

**A. Water Rate**

CO Unit	Financial Year	Total No of Connections	Rate (Rs)	Demand (Rs)	Collection (Rs)	Recoverable (Rs)
Safdarabad	2013-14	270	200	648,000	90,000	558,000
	2014-15	270	200	648,000	170,000	478,000
Khanqah Dogran	2013-14	300	200	720,000	276,900	443,100
	2014-15	300	200	720,000	376,500	343,500
<b>Total</b>				<b>2,736,000</b>	<b>913,400</b>	<b>1,822,600</b>

**B. Rent of shops**

CO Unit	Total No. of Shops	Amount (Rs)
Safdarabad	19	64,118
KhanqahDogran	132	466,799
<b>Total</b>		<b>530,917</b>

**Annex-M**  
**Para-1.5.3.1**  
(Rs in million)

<b>Financial Year</b>	<b>Head of income</b>	<b>Target (Rs)</b>	<b>Recovery (Rs)</b>	<b>Shortfall (Rs)</b>
2013-14	Share of property tax from Excise Dept.	6.000	0	6.000
	General Bus Stand Fee	2.000	0.503	1.497
	Fee for approval of Building Plan	2.000	1.361	0.639
	Fee for sale of cattle in the market	5.000	0.181	4.819
2014-15	Share of property tax from Excise Dept.	6.000	0	6.000
	Parking fee	0.100	0.039	0.061
	General Bus Stand Fee	2.000	1.480	0.520
	Fee for approval of Building Plan	3.000	0.215	2.785
	Fee for sale of cattle in the market	0.200	0	0.200
<b>Total</b>		<b>26.300</b>	<b>3.779</b>	<b>22.521</b>