



**AUDIT REPORT
ON
THE ACCOUNTS OF
DISTRICT GOVERNMENT
JHELUM**

AUDIT YEAR 2015-16

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS & ACRONYMS.....	I
PREFACE.....	III
EXECUTIVE SUMMARY	IV
SUMMARY TABLES & CHARTS.....	VII
TABLE 1: AUDIT WORK STATISTICS.....	VII
TABLE 2: AUDIT OBSERVATIONS REGARDING FINANCIAL MANAGEMENT	VII
TABLE 3: OUTCOME STATISTICS.....	VII
TABLE 4: IRREGULARITIES POINTED OUT.....	VIII
TABLE 5 COST BENEFIT.....	VIII
CHAPTER 1	1
1.1 DISTRICT GOVERNMENT, JHELUM	1
1.1.1 INTRODUCTION OF DEPARTMENTS.....	1
1.1.2 COMMENTS ON BUDGET AND ACCOUNTS (VARIANCE ANALYSIS).....	1
1.1.3 BRIEF COMMENTS ON THE STATUS OF COMPLIANCE ON MFDAC PARAS OF AUDIT YEAR 2013-14.....	3
1.1.4 BRIEF COMMENTS ON THE STATUS OF COMPLIANCE WITH PAC DIRECTIVES	4
1.2 AUDIT PARAS	5
1.2.1 MISAPPROPRIATION	6
1.2.2 NON-PRODUCTION OF RECORD	8
1.2.3 NON COMPLIANCE OF RULES.....	11
ANNEXES.....	31
ANNEX-A	32
ANNEX-B	36
ANNEX-C	37
ANNEX-D	39
ANNEX-E	40
ANNEX-F.....	42

ABBREVIATIONS & ACRONYMS

B&R	Building & Road
BHU	Basic Health Unit
C&W	Communication and Works
CCB	Citizen Community Board
CD	Community Development
DAC	Departmental Accounts Committee
DCO	District Coordination officer
DDO	Drawing and Disbursing Officer
DEO (EE-M)	District Education Officer (Elementary Education-Male)
DEO (EE-W)	District Education Officer (Elementary Education-Women)
DO	District Officer
DHQ	District Headquarter
EDO	Executive District Officer
FD	Finance Department
F&P	Finance and Planning
HRA	House Rent Allowance
FTF	Farog-e-Taleem Fund
LP	Local Purchase
MFDAC	Memorandum for Departmental Accounts Committee
MS	Medical Superintendent
OFWM	On-Farm Water Management
PAO	Principal Accounting Officer
PDSSP	Punjab Devolved Social Services Program
PFR	Punjab Financial Rules

PLGO	Punjab Local Government Ordinance
POL	Petroleum Oil and Lubricants
PPPRA	Punjab Public Procurement Regulatory Authority
RHC	Rural Health Center
SMC	School Management Council
SMO	Senior Medical Officer
SWM	Solid Waste Management
THQ	Tehsil Headquarters
TS	Technical Sanction
W&S	Works and Services

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 expenditure of the District Government Fund and Public Account of District Government is the responsibility of the Auditor General of Pakistan

The report is based on audit of the accounts of various offices of the District Government, Jhelum for the financial years 2013-14, 2nd Phase and 2014-15 The Directorate General of Audit District Governments Punjab (North), Lahore conducted audit during 2014-15 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 Rs1.00 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. In all cases where the Principal Accounting Officer does not initiate appropriate action, the audit observations will be brought to the notice of PAC through next year 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 in the light of written responses and discussion in DAC meetings.

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:

(Rana Assad Amin)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit ,District Governments, Punjab (North), Lahore is responsible to carry out the audit of District Governments, Tehsil / Town Municipal Administrations and Union Administrations of three City District Governments and sixteen District Governments. Its Regional Directorate of Audit, Rawalpindi has audit jurisdiction of District Governments, Tehsil / Town Municipal Administrations and Union Administrations of one City District Government i.e. Rawalpindi and three District Governments i.e. Jhelum, Chakwal and Attock.

The Regional Directorate has a human resource of 15 officers and staff, total 1292 man-days and the annual budget of Rs16.025 million for the financial year 2015-2016. It has mandate to conduct Financial Attest, Regularity Audit and Compliance with Authority & Performance Audit of entire expenditure including programs/projects & receipts. Accordingly, Regional Directorate of Audit Rawalpindi carried out audit of the accounts of various offices of the District Government, Jhelum for the financial years 2013-14, 2nd Phase and 2014-15.

District Government Jhelum conducts its operations under Punjab Local Government Ordinance, 2001. It comprises one Principal Accounting Officer (PAO) i.e. the District Coordination Officer (DCO) covering six groups of offices i.e. Finance & Planning, Works & Services, Education, Health, Community Development and Agriculture. The financial provisions of the Punjab Local Government Ordinance, 2001 require the establishment of District Government fund comprising Local Government Fund and Public Account for which Annual Budget Statement is authorized by the Nazim / Council / Administrator in the form of budgetary grants.

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

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

a. Scope of Audit

Total expenditure of the District Government Jhelum for the financial year 2014-2015 was Rs4318.069 million covering 402 formations. Out of this DG District Audit (N) Punjab audited an expenditure of Rs1404.953 million which in terms of percentage was 32.54 % of total expenditure. Out of this DG District Audit (N) Punjab planned and executed 25 formations i.e. 100% achievement against the planned audit activities.

Total receipts of the District Government Jhelum for the financial year 2014-15, were Rs20.242 million. Out of this DG District Audit (N) Punjab audited receipts of Rs6.073 million which in terms of percentage was 30% of auditable expenditure.

b. Recoveries at the instance of audit

Recovery of Rs15.599 million was pointed out, which was not in the notice of the executive before audit. An amount of Rs1.882 million was recovered and verified during the year 2015-16, till the time of compilation of report.

c. Audit Methodology

The audit year 2015-16 witnessed intensive application of Desk Audit techniques in this directorate. This was facilitated by access to live SAP/R3 data, internet facility, and availability of permanent files. Desk review helped auditors in understanding the systems, procedures, and environment, and the audited entity before starting field activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field.

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 shape of change in rules, has been less materialized due to non-convening of regular PAC meetings. Had PAC meetings been regularly convened, audit impact would have been manifold.

e. Comments on Internal Controls and Internal Audit Department

Internal controls mechanism of the District Government Jhelum 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 against the entitlement of employees. Negligence on the part of District Government authorities may be captioned as one of important reasons for weak Internal Controls.

Section 115-A (1) of PLGO, 2001, empowers Nazim of each District Governments to appoint an Internal Auditor but the same was not appointed in District Administrations.

f. The Key Audit Findings of the Report

- i. Misappropriation of Rs1.50 million noted in one case¹
- ii. Non-production of Record of Rs1.807 million noted in one case²
- iii. Non Compliance of Rules of Rs140.481 million noted in nineteen cases³.

Audit paras for the audit year 2015-16 involving procedural violations including internal control weaknesses, unsound asset management and irregularities not considered worth reporting to the PAC are included in MFDAC (Annex-A).

g. Recommendations

- i. Head of the District Government needs to conduct physical stock taking of fixed and current assets.
- ii. Departments need to comply with the Public Procurement Rules for rational purchases of goods and services.
- iii. Inquiries need to be held to fix responsibility for misappropriation, wasteful expenditure and unauthorized payment.
- iv. The PAO needs to make efforts for expediting the realization of various Government receipts.
- v. The PAO and his team need to ensure proper execution and implementation of the monitoring system.
- vi. The PAO needs to take appropriate action for non-production of record.
- vii. The PAO needs to rationalize its budget with respect to utilization.

¹ Para 1.2.1.1

² Para 1.2.2.1

³ Para 1.2.3.1,-1.2.3.19

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rs in million)

Sr. No.	Description	No.	Budget
1	Total Entities (PAOs) under Audit Jurisdiction	1	5190.433
2	Total formations under Audit Jurisdiction	402	5190.433
3	Total Entities (PAOs) Audited	1	1616.829
4	Total formations Audited	25	1616.829
5	Audit & Inspection Reports	25	1616.829
6	Special Audit Reports	Nil	Nil
7	Performance Audit Reports	Nil	Nil
8	Other Reports	Nil	Nil

Table 2: Audit observations regarding Financial Management

(Rs in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	0
2	Financial management	96.928
3	Internal controls	40.848
4	Others	6.012
TOTAL		143.788

Table 3: Outcome Statistics

(Rs in million)

Sr. No.	Description	Expenditure on Acquiring Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last year
1	Outlays Audited	0	525.014	6.073	879.939	1411.026*	236.966
2	Amount Placed under Audit Observation/ Irregularities of Audit	0	18.717	14.857	110.214	143.788	17.069
3	Recoveries Pointed Out at the instance of Audit	0	0.911	0.988	13.700	15.599	5.241
4	Recoveries Accepted/ Established at the instance of Audit	0	0.911	0.988	12.662	14.561	5.241
5	Recoveries Realized at the instance of Audit	0	0	0.061	1.821	1.882	0.566

* The amount mentioned against serial No 1 in column "total current year" is the sum of expenditure and receipts, whereas the total expenditure audited for the current year was Rs1404.953 million

Table 4: Irregularities Pointed Out

(Rs in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations and principle of propriety and probity.	75.946
2	Reported cases of fraud, embezzlement, theft and misappropriations and misuse of public funds.	1.50
3	Accounting Errors (accounting policy departure from NAM ¹ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of Audit opinions on the financial statements.	0
4	Quantification of weaknesses of internal control systems	35.579
5	Recoveries, overpayments or unauthorized payments of public money.	28.956
6	Non-production of record to Audit.	1.807
7	Others, including cases of accidents, negligence etc.	0
	Total	143.788

Table 5 Cost Benefit

(Rs in million)

Sr. No	Description	Amount
1	Out lays Audited(Items 1 of Table 3)	1411.026
2	Expenditure on Audit	1.602
3	Recoveries realized at the instance of Audit	1.882
4	Cost Benefit Ratio	1:1.18

¹The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan.

CHAPTER 1

1.1 District Government, Jhelum

1.1.1 Introduction of Departments

Activities of District Government are managed through offices of District Coordination Officer and Executive District Officers under Punjab Local Government Ordinance, 2001. Each group of District Offices consists of an Executive District Officer (EDO). The EDO by means of a standing order distributes the work among the officers, branches and / or sections of each district office. Following is the list of Departments which manage the activities of District Government.

1. District Coordination Officer (DCO)
2. Executive District Officer (Agriculture)
3. Executive District Officer (Community Development)
4. Executive District Officer (Education)
5. Executive District Officer (Finance & Planning)
6. Executive District Officer (Health)
7. Executive District Officer (Works & Services)

Under Section 29(k) of the PLGO 2001, Executive District Officer (EDO) acts as Departmental Accounting Officer for his respective group of offices and is responsible to the District Accounts Committee of the Zila Council.

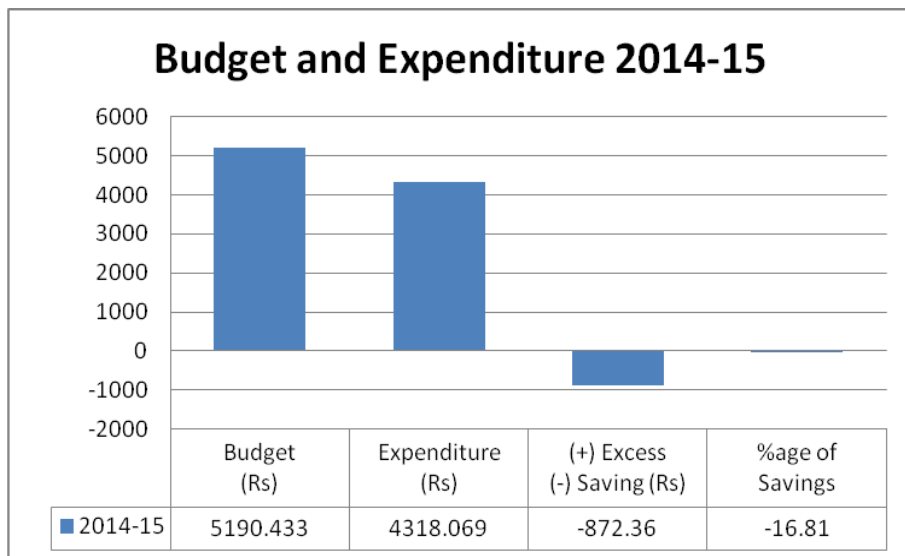
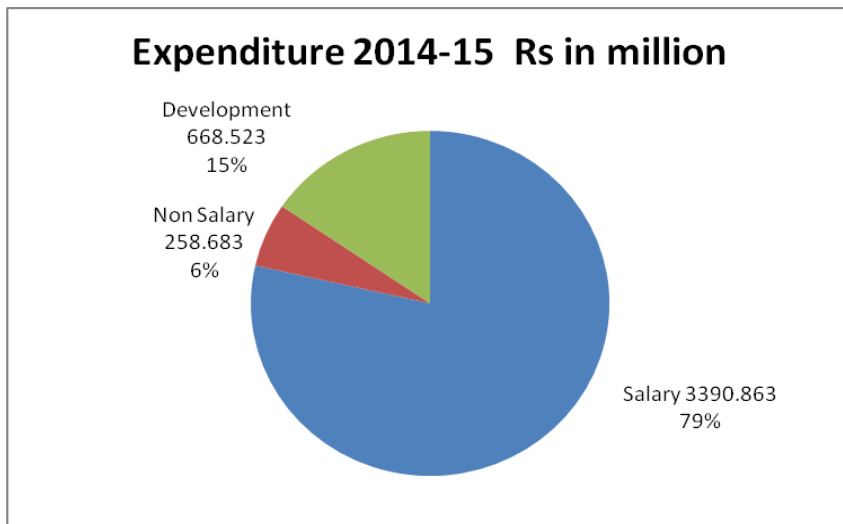
1.1.2 Comments on Budget and Accounts (Variance Analysis)

Total budget of District Government Jhelum was Rs5190.433 million including salary and non salary component of Rs3784.108 and Rs296.043 respectively and development component of Rs1110.282 million. Expenditure against Salary component was Rs3390.863 million, Non salary component was Rs258.683 million and Development component was Rs668.523 million. Overall savings were Rs872.364 million which was 16.807% of total budget.

2014-15	Budget (Rs)	Expenditure (Rs)	Excess (+) / Saving (-)(Rs)	% saving
Salary	3784.108	3390.863	-393.245	-10.392
Non Salary	296.043	258.683	-37.36	-12.620
Development	1110.282	668.523	-441.759	-39.788
Total	5190.433	4318.069	-872.364	-16.807

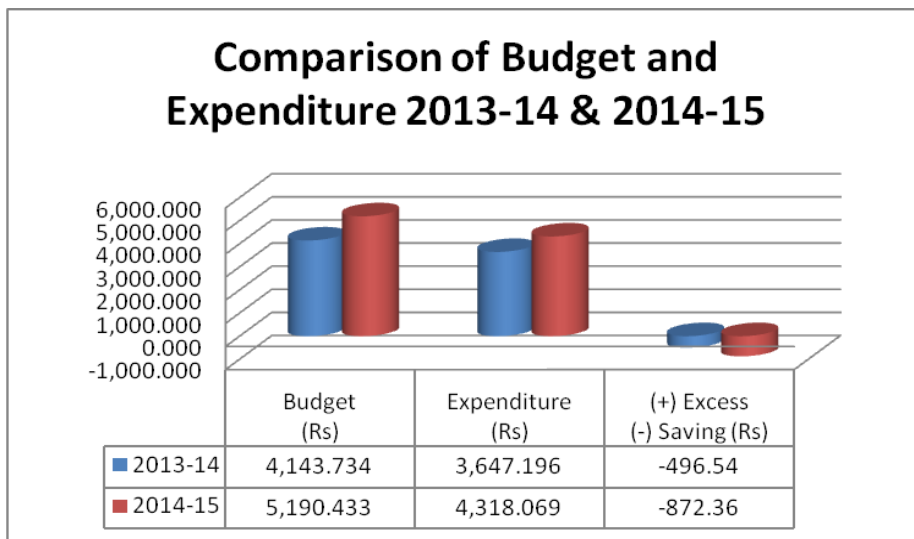
As per the Appropriation Account 2014-15 of District Government Jhelum the original budget was Rs5183.74 million, supplementary grant was Rs108.506 million whereas Rs101.248 million were surrendered/ withdrawn and the final budget was Rs5190.433 million. Against the final budget, total expenditure incurred by District Government during 2014-15 was Rs4318.069 million, as detailed at Annex-B

The Salary, Non Salary and Development expenditure comprised 79%, 6% and 15% of the total expenditure respectively.



The overall saving of Rs872.364 million was 16.81% of the final budget.

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



There was 20% & 15% increase in Budget Allocation & Expenditure incurred respectively for the year 2014-15 as compared to the previous year.

1.1.3 Brief Comments on the Status of Compliance on MFDAC Paras of Audit Year 2013-14

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

S. No.	Audit Year	No. of Paras	Status of PAC Meetings
1	2002-03	7	Not convened
2	2003-04	8	Not convened
3	2004-05	13	Not convened
4	*Special Audit Report	122	Not convened
5	2009-10	13	Not convened
6	2010-11	22	Not convened
7	2011-12	30	Not convened
8	2012-13	06	Not convened
9	2013-14	12	Not convened
10	2014-15	08	Not convened

*It is Special Audit Report for the period 01/07/2005 to 31/03/2008 and also the title of the Audit Report reflects the financial year instead of the audit year which was 2008-09.

1.2 AUDIT PARAS

1.2.1 Misappropriation

1.2.1.1 Likely Misappropriation on Account of Anmol Wanda - Rs1.5 million

According to rule 15.17 of PFR Vol-I, all quantities received in or issued from stores are entered in the Stock Register in the order of occurrence so that it should be possible at any time to check the actual balances with the book balances. As per decision of PAC circulated by Government of Punjab Finance Department vide No.FD (MR) MW/1-4/92 dated 24.09.1992, “The stock entries not available at the time of audit will not be accepted afterwards”.

DCO Jhelum made payment amounting to Rs1.500 million to “M/s Organon Livestock Feeding” during financial year 2014-15 on account of animal food (Wanda) for flood affectees. It was noticed that distribution was made without any stock taking and disbursement on record. This resulted in likely misappropriation of Rs1.5 million.

Audit holds that due to defective financial discipline and weak internal controls, disbursement was made without stock taking on relevant stock registers.

The matter was reported to the DCO / PAO in November 2015. DAC in its meeting convened on 27-11-2015 directed the management for compliance. No progress was intimated till finalization of the report.

Audit recommends inquiry for fixing responsibility for likely misappropriation besides recovery under the intimation to Audit.

[AIR Para -10]

1.2.2 Non-production of Record

1.2.2.1 Non-production of Record-Rs1.807 million

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 authority to require that 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 form as possible and with all reasonable expedition.

Eleven (11) Offices of District Government, Jhelum did not produce auditable record of Rs1.807 million for the financial year 2014-15. In the absence of record, authenticity, validity, accuracy and genuineness could not be verified as detailed below:-

(Rs in million)

Sr. No	Name of Formations	Para No in AIR	Descriptions	Amount (Rs)
1	DCO JM	12	Setting up of Agriculture Fair Price Shops in each tehsil of District Jhelum	1.6
2	DO Excise & Taxation	5	Record of receipt of defunct Zila council Professional Tax & property rent of 2014-15	N/A
3	Dy DEO (EE-M) Sohawa	6	SMC bank Statement	N/A
4	Dy DEO (EE-M) Sohawa	6	-do-	N/A
5	Paramedical School JM	6	Pay slips/Service Books & Personal Files of Staff, Hostel record, Budget Control register., Stock register.	N/A
6	Social Officer (MSP) P D Khan	4	Pay roll/Pay slips. Service Books of the Employees. Personal files, Bank Statement of DDO,s Bank account.	N/A
7	GGHS NO1 Jm	3	FTF funds	N/A
8	Zila council taxation branch, Jhelum	1	Leasing/Auction record of property	N/A
9	DLO Jm	1	Various record	N/A
10	DDEO (EE-W) PDK	5	SMC bank Statement	N/A
11	-do-	5	Development Exp	0.207
			Total	1.807

Audit holds that due to defective financial discipline and weak internal controls, relevant record was not produced to Audit in violation of Constitutional provisions.

The matter was reported to the DCO / PAO in November 2015. DAC in its meeting convened on 27-11-2015 directed the management to produce record in one day. No record was produced till the finalization of the report.

Audit recommends fixing of responsibility for non-production of record besides ensuring early submission of record for scrutiny.

1.2.3 Non Compliance of Rules

1.2.3.1 Non-compliance of Standards of Performance Resulting in Delay in Completion of Scheme – Rs6.012 million

According to Rule 63 of PLG (Budget) Rules, 2001 ‘The Development Budget shall be a Performance Budget and it shall make due provisions to ensure that the standard of performance in the various activities rises progressively and is not allowed to fail or deteriorate’.

EDO (F&P) Jhelum allowed execution of the scheme with cost of Rs6.720 million. Scrutiny of the record revealed that expenditure of Rs6.012 million was incurred up to 2014-15 but the schemes remained incomplete with considerable delay. Audit observed that the schemes were not properly monitored on the basis of performance and EDO(F&P) failed to ensure compliance of provisions for standards of performance . Abandonment of the schemes resulted in non completion of the work within time limit and incurring expenditure of Rs6.012 million without any public service delivery, as detailed below:-

Rs in million

Sr. No.	Name of Scheme	Approved Cost (Rs)	Exp. till 30.06. 2014 (Rs)	Allocation 2014-15 (Rs)	Funds Released 2014-15 (Rs)	Exp. during 2014-15 (Rs)	Accum. Exp. (Rs)	% Utilization	Physical %	Remarks
1	Reconstruction of 6 classrooms with veranda at GGHS PD Khan	6.720	2.952	3.768	3.768	3.060	6.012	81%	89%	Flooring in progress.

Audit is of the view that due to weak financial discipline and mismanagement the masses were deprived of the benefits.

The matter was reported to the DCO / PAO in November 2015. Management replied that scheme had to be completed by the DO Building. DAC in its meeting held on 27-11-2015 directed that DO (Buildings) be made accountable for not imposing penalty and for not taking appropriate action. No compliance was reported till finalization of this report.

Audit recommends for fixing responsibility against persons at fault besides imposition of penalty for delay and expeditious completion of schemes under intimation to Audit.

[Para of AIR-15]

1.2.3.2 Excess Expenditure More Than 20% -Rs6.696 million

According to Government of Punjab Finance Department Letter No. FD(DG)1-84/2012 dated 24th July 2014 , District Government needs to ensure that non-salary expenditure should not be allowed to increase 20% of the actual expenditure of 2012-13.

Following offices of District Government, Jhelum incurred non salary expenditure of Rs6.696 million during 2014-15 which was more than 20% of the actual expenditure of 2012-13, in violation of above mentioned criteria as detailed below:-

Sr. No	Name of formation	AIR Para No.	2012-13 (Rs)	2014-15 (Rs)	Difference (Rs)	20% of 2012-13 (Rs)	Expenditure more than 20%(Rs)
1	DCO Jhelum	5	2,738,508	8,866,047	6,127,539	547,702	5,579,837
2	DO (OFWM)	1	272,233	535,833	263,600	54,447	209,153
3	D.D.O (OFWM) Sohawa	1	113,480	171,957	58,477	22,696	35,781
4	DO Forest	1	2088229	2667628	579,399	417,646	161,753
5	SMO E&EDC CENTER	4	1,050,000	1,970,000	920,000	210,000	710,000
TOTAL							6,696,525

Audit holds that due to weak financial management, amount of Rs6.697 million was expended irregularly.

The matter was reported to the DCO / PAO in November 2015. The departments replied that regularization by DCO was in process. DAC in its meeting convened on 27.11.2015 directed the management to regularize expenditure from Finance department, Government of Punjab.

Audit recommends that the matter may be inquired at appropriate level besides fixing responsibility against persons at fault and regularization under intimation to Audit.

[PARA of AIR-5,1,1,1,4]

1.2.3.3 Non-Crediting Lapsed Securities/Material of Scarifying – Rs2.622 million

According to Para 12.7 of PFR Vol-I, unclaimed/lapsed Securities which is lying outstanding for more than 3 years be credited to the Treasury. Further Page 207 of Book of Specification of B&R, 1967, states that adjustment/reuse of material available at site should be mentioned in Technical Sanction estimate.

Two (2) Offices of the Works & Services Department of District Government Jhelum did not credit the lapsed securities into government Treasury amounting to Rs2.622 million and also did not adjust the items of scarifying in the quantity of material available at site, as detailed below:-

Sr. No.	Name of Formation	Description	Para in AIR	Amount (Rs)
1	DO Roads	Non-crediting of Forfeited Securities	6	412,200
2	DO Roads	Non-crediting Lapsed Securities	7	365,224
3	DO Roads	Material of Scarifying not credited to that work	4	1,125,905
4	DO Buildings	Non-crediting Lapsed Securities	6	88,536
5	DO Buildings	Non-crediting of Dismantling Brick from Brick Work	5	630,631
	Total			2,622,496

Audit was of the view that due to mismanagement, the lapsed securities /material were not credited .

The matter was reported to the DCO / PAO in November 2015. Management replied that compliance was in process. Reply was not convincing and DAC in its meeting convened on 27.11.2015 directed for compliance. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides credit of lapsed securities and adjustment of material under intimation to audit.

[Para of AIR-6,7,4,6,5]

1.2.3.4 Overpayment on Account of Allowances- Rs13.226 million

According to rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any overcharges, frauds and misappropriations. Further according to Rule 7-A of Sub Treasury Rules, the conveyance allowance is not admissible during leave period.

Eighteen (18) Offices of District Government Jhelum made overpayments of Rs13.226 million on account of Pay and Allowances during 2014-15, as detailed in Annex-C.

Audit holds that due to weak internal controls and financial mismanagement, overpayments were made under different heads of accounts.

The matter was reported to the DCO / PAO in November, 2015. Management replied that all the departments had been directed for recovery of overpayments. DAC in its meeting convened on 27.11.2015 directed for compliance. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility against the officers / officials at fault besides early recovery of Rs13.226 million under intimation to Audit.

1.2.3.5 Irregular Expenditure in Excess of the Budget Allocation- Rs65.853 million

Rule 66(5) of (Budget) Rules 2003, Drawing and Disbursing Officer shall not authorize any payment in excess of the funds placed at his disposal.

Fifteen (15) Offices of District Government Jhelum incurred expenditure of Rs65.853 million over and above the Budget Allocation under different heads of account during 2014-15, as detailed in Annex-D

Audit holds that due to weak internal control and financial mismanagement, expenditure was made over and above the Budget Allocation.

The matter was reported to the DCO / PAO in November 2015. The departments replied that regularization by DCO was in process. DAC in its meeting convened on 27-11-2015 directed to regularize the expenditure from Finance department Government of Punjab. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides regularization from Finance Department under intimation to Audit.

1.2.3.6 Irregular purchase of medicines Rs3.244 million

According to Government of the Punjab, Finance Department No. FD(FR) II-2/89 Dated 1st November, 2001 “In view of the reason that bulk purchase of medicines would not be made through MSD, the Officers in District Governments are now authorized to distribute the budget allocation for medicines in the following ratio, 10% reserved for natural calamities/emergencies to be purchased in bulk. 15% day to day purchase for normal medicines. 75% bulk purchase for normal medicines”.

MS THQ Hospital, Sohawa District Jhelum incurred Rs3.244 million on purchase of medicines, others, bedding & clothing and X-Rays in violation of above mentioned codal provisions as detailed below:

Object Code	Head Description	Budget Allocation (Rs)	Actual Expenditure (Rs)
A03970	Total Others	3,250,000	3,243,612
001	Others	50,000	
07	Medicines	2,500,000	
08	Bedding & Clothing	100,000	
09	X-Ray	600,000	

Further , the medicines were purchased under head A03970-Others instead of allocated new code of A03927-Purchase of medicines .

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs3.244 million was irregularly incurred on above mentioned procurements.

The matter was reported to the DCO / PAO in November 2015. Management replied that the medicines were purchased as per Govt., instructions The reply was not acceptable. DAC in its meeting convened on 27-11-2015 decided to keep the para pending for regularization. No progress was reported till finalization of this report.

Audit recommends regularization under intimation to Audit.

[Para of AIR-2]

1.2.3.7 Unauthorized Payment of HSRA and Non-Recovery - Rs3.016 million

According to Sr No.V of Health Department Government of the Punjab No.PO (P&E)19-1113/2001 dated 13.04.2007, Government approved the Health Sector Reform Allowance for the doctors posted at DHQ/THQ Hospitals with condition that “Specialist will be allowed only hospital based practice after duty hours”

Following Offices of District Government, Jhelum irregularly paid HSRA to doctors who were not entitled. This resulted in overpayment of Rs3.016 million which was required to be recovered, as detailed below:-

Sr. #	NAME OF OFFICE	Para in AIR	Total (Rs)
1	DHQ Hospital Jhelum	2	18,72,000
2	THQ Hospital Sohawa Jhelum	3	876,333
3	THQ Hospital PDK Jhelum	8	468,000
	Total		3,016,333

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs3.016 million was irregularly paid to the doctors which was not admissible.

The matter was reported to the DCO / PAO in November 2015 Management replied that the doctors had been directed to deposit the overpaid amount into the Government treasury in installments. DAC in its meeting convened on 27-11-2015 directed for compliance. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides early recovery of Rs3.016 million under intimation to Audit.

[Para of AIR-2,3,8]

1.2.3.8 Non deduction of Shrinkage and Taxes – Rs1.453 million

According to Note No.2 of Chapter 3 of Market Rate Schedule, During item Earthwork from Bank Measurements when the earthwork is done by machines, deduction for shrinkage should be made at the rate of 6% . Further According to Section 153 of the Income Tax Ordinance 2001, the income tax @ 4.5% will be deducted at source on suppliers bills and also as per Central Board of Revenue letter No. 4/47STB/98dated 13-03-1999 and Finance Department

letter No. SO(TAX)1-9/97 dated 19-08-1999, Sales Tax at the prescribed rates be realized on taxable goods and be deposited into government treasury and Sale Tax invoices issued.

Following Offices of District Government, Jhelum did not deduct amount of Rs1.453 million on account of shrinkage and taxes at the time of payment during 2014-15 as detailed below:-

Sr No.	Departments	Para in AIR	Particulars	Overpayment (Rs)
1	DO Roads Jhelum	5	Shrinkage 6%	657,562
2	GGHSS Dina	4	Income Tax	68,717
3do.....	4	GST	333,773
4	DO Fisheries	3	Income Tax	393,329
	Total			1,453,381

Audit is of the view that due to weak financial management and internal controls, deductions were not made under different heads of accounts at the time of payment which resulted in overpayments.

The matter was reported to the DCO / PAO in November, 2015. Management replied that all the departments had been directed for recovery. DAC in its meeting convened on 27.11.2015 directed for compliance. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides recovery of overpayment of Rs1.453 million under intimation to Audit.

[Para of AIR-5,4,4,3]

1.2.3.9 Non Deposit of Government Receipts-Rs4.112 million.

According to (FD(1-1)1-15/82-P-I dated 17-01-2000) Receipt shall be deposited within seven (07)days from the date of actual collection.(FD(1-1)1-15/82-P-I dated 17-01-2000).

Four (4) Offices of District Government Jhelum did not deposit the various Government receipts in to govt. Treasury during 2014-15 which resulted in non-deposit of Government receipts of Rs4.112 million. Detail of receipts is given below:-

Sr No	Name of Department	Para in AIR	Particulars	Amount (Rs)
1	DDEO (EE-W) Jhelum	4	Demolished Building Material	680,500
2	GGHSS DINA	5	Canteen Rent	1,245,625
3	GGHSS DINA	6	Auction of Trees	1,350,000
4	DHQ Hospital Jhelum	6	Cycle Stand Rent	836,000
	Total			4,112,125

Audit is of the view that due to weak financial management and internal controls, government receipts in different heads of accounts were not deposited resulting in loss to public exchequer.

The matter was reported to the DCO / PAO in November, 2015. Management replied that all the departments had been directed for compliance. DAC in its meeting convened on 27.11.2015 directed for compliance. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides early deposit of the receipts of Rs4.112 million into treasury under intimation to Audit.

[Para of AIR-5,4,4,3]

1.2.3.10 Non-Imposition of Penalty-Rs5.380 million

According to Clause 39 read with Clause 37 of Contract agreement, if a contractor fails to complete the work within stipulated period, he is liable to pay compensation @1% to 10% of amount of the agreement or any smaller amount as decided by the Engineer in-charge to be worked out per day but not exceeding maximum of 10% of the cost of contract. The contractor shall have to apply for extension in time limit within one month before the expiry of scheduled time of completion. Further, according to Clause 39(a) of contract agreement "The time allowed for carrying out the work as entered in the tender shall be strictly observed by the contract. The work shall throughout the stipulated period of contract be proceeded with all due diligence in accordance with programme of work approved by the Engineer in-charge.

Two (2) formations of Works & Services Department of District Government Jhelum awarded different works to contractors worth Rs53.787 million during 2014-15. Scrutiny of the record revealed that contractors failed to

complete works within stipulated time. Management did not impose penalty of Rs5.38 million on defaulting contractors as detailed in Annex-E.

Audit is of the view that due to weak financial management and internal controls, penalty was not imposed resulting in loss to exchequer.

The matter was reported to the DCO / PAO in November, 2015. Department admitted the irregularity, DAC in its meeting convened on 27.11.2015 directed for compliance. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides recovery of Rs5.38 million on account of penalty under intimation to Audit.

[Para of AIR-2, 10]

1.2.3.11 Non Maintenance of Record-Rs3.675 million

According to Section-115 (5)(b) of the Punjab Local Government Ordinance 2001, the Auditor General shall have the authority to require that any accounts, books, papers and other documents which deal with his duties shall be sent to such place as he may direct for his inspection.

Three (3) Offices of District Jhelum did not maintain auditable record of Rs3.675 million for the year 2014-15. In the absence of record, authenticity, validity, accuracy and genuineness could not be verified as detailed below:-

				Rs in million
Sr. No	Name of Formations	AIR Para	Descriptions	Amount Rs
1	RHC Dina	1	Cash book not maintained	3.675
2	District Officer (CO)	4	For the year 2012-14 1. Stock Register. 2. Leave Record. 3. Stationary issue & consumption record. 4. GPF Register. 5. Advances Register	0
3	Social Welfare Officer (MSP) PD Khan	5	1. Stock Register. 2. Leave Record. 3. Stationary issue & consumption record. 4. GPF Register. 5. Advances Register	0

Sr. No	Name of Formations	AIR Para	Descriptions	Amount Rs
			6. Trunk call Register 7. Budget control Register 8. Consumable articles stocks receive /issue & consumption record.	
	Total			3.675

Audit holds that due to defective financial discipline and weak internal controls, relevant record was not maintained in violation of constitutional provisions.

The matter was reported to the DCO / PAO in November 2015. DAC in its meeting convened on 27-11-2015 directed that record may be produced in one day. No record was produced till the finalization of the report.

Audit recommends fixing responsibility for non-maintenance of record besides ensuring early submission of record for scrutiny.

[AIR Para -1,4,5]

1.2.3.12 Loss to Government Due to Re-Auction at Low Rates – Rs1.551 million

According to section 126 of Punjab Local Government Ordinance 2001, in case of any loss of property of Local Government, the responsibility of such loss shall be fixed by the concerned Local Government and the amount of loss shall be recovered from the concerned defaulting person.

Zila Council Taxation branch District Jhelum leased following shops through open auction for a period of five years since 01.07.2010 with 10% annual increase. The said shops were vacated by the lessee on breach of contract agreement on December, 2010. These shops were re-auctioned in January 2011 through open auction at rate much lower than that of last auction. This resulted in loss to government amounting to Rs1.551 million as detailed below:-

Shop No	Rent in 1st Auction in May 2010 (Rs)	Rent in Re-auction in Jan-2011 (Rs)	Diff (Rs)	Total (Feb-11 to Jan-12) (Rs)	10% increase from feb-12 Should (Rs)	Total (Feb-12 to Jan-13) (Rs)	10% increase from feb-13 Should (Rs)	Actual with 10% increase from Feb-13 (Rs)	Diff (Rs)	Total (Feb-13 to Jan-14) (Rs)	Grand Total (Rs)
	A	B	C=A-B	D	E	F	G	H	I= G-H	J	K= D+F+J
11	3,800	2,200	1,600	19,200	4,180	21,120	4,598	2,662	1,936	23,232	63,552
12	3,800	2,700	1,100	13,200	4,180	14,520	4,598	3,267	1,331	15,972	43,692
15	3,800	3,150	650	7,800	4,180	8,580	4,598	3,812	787	9,438	25,818
16	3,800	3,150	650	7,800	4,180	8,580	4,598	3,812	787	9,438	25,818
20	3,800	2,500	1,300	15,600	4,180	17,160	4,598	3,025	1,573	18,876	51,636
21	3,800	2,600	1,200	14,400	4,180	15,840	4,598	3,146	1,452	17,424	47,664
25	26,600	7,000	19,600	235,200	29,260	258,720	32,186	8,470	23,716	284,592	778,512
26	16,100	4,300	11,800	141,600	17,710	155,760	19,481	5,203	14,278	171,336	468,696
33	1,800	1,250	550	6,600	1,980	7,260	2,178	1,513	666	7,986	21,846
35	1,800	1,200	600	7,200	1,980	7,920	2,178	1,452	726	8,712	23,832
	Total										1,551,066

Audit holds that due to weak internal controls and financial mismanagement, auction at low rate was made.

The matter was reported to the DCO / PAO in November 2015. The department did not attend DAC meeting. DAC in its meeting convened on 27-11-2015 directed for recovery of loss. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides early recovery of Rs1.551 million under intimation to Audit.

[AIR Para-2]

1.2.3.13 Non-Recovery of License Fee from Defaulters Rs7.149 million

According to Rule 76 (1) of PDG and TMA (Budget) Rules, 2003, the primary obligation of the Collecting Officer should be to ensure that all revenue due is claimed, realized and credited immediately to the Local Government Fund under the proper receipt head.

Taxation Branch of Zila Council Jhelum did not recover the license fee/ permit fee from 421 defaulters during 2003-2013. This resulted in non-recovery of Rs7.149 million as detailed below:-

Sr. No	Teshil	No. of Defaulters	Nature of license	Period	Amount (Rs)
1	Jhelum	20	Brick Kilns	2003-12	1,050,000
2	Dina	6	Brick Kilns	2003-12	398,000

Sr. No	Teshil	No. of Defaulters	Nature of license	Period	Amount (Rs)
3	Dina/Mangla	7	Brick Kilns	2003-12	485,000
4	Sohawa	13	Brick Kilns	2003-12	946,000
5	P.D.Khan	10	Brick Kilns	2003-12	708,000
6	Jhelum	24	Gas agencies & stores	2003-12	170,000
7	Jhelum	28	Misc	2003-13	118,800
8	Jhelum	30	Marble Factories	2003-13	253,000
9	Jhelum	7	Timber Merchants	2003-13	187,000
10	Dina	64	Misc	2003-13	625,900
11	Dina	10	Marble Factories	2003-13	258,500
12	Sohawa	38	Misc	2003-13	266,200
13	Sohawa	5	Marble Factories	2003-13	82,500
14	P.D.Khan	159	Misc	2003-13	1,600,500
		421	Total		7,149,400

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs7.149 million was not recovered.

The matter was reported to the DCO / PAO in November 2015. The department did not attend the DAC meeting. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against the officers / officials at fault besides early recovery of Rs7.149 million under intimation to Audit.

[AIR Para -2]

1.2.3.14 Irregular Payment on Purchase of Security System Rs1.250 million

Rule 12(1) & (2) of Punjab Public Procurement Rules, 2014 states that Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. In case of procurements over rupees two million, these procurement opportunities may also 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. Rule 10(1) ibid states "A procuring agency shall determine specifications in a manner to allow the widest

possible competition which shall not favour any single contractor nor put others at a disadvantage”. Para 10(2) ibid states, the specifications shall be generic and if the procuring agency is satisfied that the use of, or a reference to, a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent”. Para 25 (2)(L) ibid, for competitive bidding, whether open or limited, the bidding documents shall include details of standards that are to be used in assessing the quality of goods, works or services specified”.

DCO Jhelum incurred expenditure of Rs1.250 million on account of purchase of security system during 2014-15. It was observed that payment was made to M/S AS Technology for security system for Chinese Engineers at Pakistan Medical and Dental Council Officers Club Khewra in violation of above mentioned provisions of Punjab Public Procurement Rules, 2014. The procurement was made on basis of quotations without floating tender for open competition. In addition, neither generic specifications of security system were mentioned nor make /model or brand name and quality standards were specified on the collected quotations to determine quality and market rates. Besides, no technical member was included in purchase committee to verify functioning of security system and the security system was not taken on the charge for its safe custody. Furthermore, GST paid invoice was not obtained and proof for payment of GST Rs190,670 was not available in the record i.e. payment challan.

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs1.250 million was paid irregularly.

The matter was reported to the DCO / PAO in November 2015. The department replied that the documents would be provided. DAC in its meeting convened on 27-11-2015 directed for compliance. No progress was reported till finalization of this report.

Audit recommends compliance of DAC directive besides fixing responsibility against the officers / officials at fault under intimation to Audit.

[AIR Para -2]

1.2.3.15 Irregular Purchase of Livestock Medicines –Rs2.975 million

According to Rule 38(2) (a) of PPRA 2014, Single stage two envelopes bidding procedure shall be used for procurement of such goods where the bids are to be evaluated on technical and financial grounds. According to rule 2.10(a) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from government revenues as a person of ordinary prudence would exercise in respect of the expenditure from his own money.

DO(Livestock) Jhelum incurred expenditure of Rs2.975 million for purchase of medicines during 2014-15. It was observed that tender notice was floated on PPRA website as well as in daily newspaper in which bidding firms were required to submit technical bids along with financial bids duly complete in all aspects for purchase of medicines. The following firms did not meet the tender requirement/condition for submission of duly complete technical bids. Consequently, medicines were procured from these firms on the basis of only financial bids in violation of Punjab Public Procurement Rules, 2014. This resulted in irregular expenditure amounting to Rs2.975 million. The detail of missing documents in bids of these firms is given below.

Name of Firm	Missing Documents in Technical Bid
Leads Pharma Pvt. Ltd	Copy of CNIC of the bidder
	Bank statement of the last six months
	No Blacklist Certificate
	Affidavit on Judicial paper regarding Quality / Quantity of medicine by the bidder
Al-Habib Agencies	Bank statement of the last six months
	No Blacklist Certificate
	Affidavit on Judicial paper regarding Quality / Quantity of medicine by the bidder
Star Laboratories Pvt. Ltd Lahore	Bank statement of the last six months
	No Blacklist Certificate
Rayvet International	Bank statement of the last six months
	No Blacklist Certificate
	Trade Mark Registration Certificate
RIFCO International	Bank statement of the last six months
Selmore Pharma	Bank statement of the last six months
	Trade Mark Registration Certificate
Symens International Lhr	Copy of CNIC of the bidder
	Bank statement of the last six months
	No Blacklist Certificate

Name of Firm	Missing Documents in Technical Bid
	Affidavit on Judicial paper regarding Quality / Quantity of medicine by the bidder
International Pharma Lahore	Copy of CNIC of the bidder
	Bank statement of the last six months
	No Blacklist Certificate
	Affidavit on Judicial paper regarding Quality / Quantity of medicine by the bidder
Ali Traders Ltd Lahore	Copy of CNIC of the bidder
	Bank statement of the last six months
	No Blacklist Certificate
	Affidavit on Judicial paper regarding Quality / Quantity of medicine by the bidder

Audit holds that due to weak internal control and financial mismanagement, amount of Rs2.975 million was paid irregularly.

The matter was reported to the DCO / PAO in November 2015. The department replied that medicines were purchased according to the PPRA rules. DAC in its meeting convened on 27.11.2015 directed to provide the required documents. No progress was reported till finalization of this report.

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

[AIR Para -2]

1.2.3.16 Irregular Purchase of Medicines without Batch Number & Expiry Date -Rs1.064 million

According to Chapter-III 23(1)(i) of Drugs Act 1976 “No person shall himself or by any other person on his behalf sell any drug without having a warranty in the prescribed form bearing the name and batch number of the drug issued”

DO (Livestock) Jhelum purchased medicines valuing Rs1,064,326 from various firms but the batch No & expiry date of supplied/delivered medicines, were not mentioned on their invoices. On physically checking, batch no & expiry date were not found on packing which made quality of the medicines dubious as detailed below:-

Sr. No	Name of Firm	Name of medicine	Amount (Rs)
1	Symans international lhr pak	Zinc Oxide & other	668,326
2	Al Habib Agencies	Inj Trimox etc	57,200

Sr. No	Name of Firm	Name of medicine	Amount (Rs)
3	Public Scientific Supply F abad	Kaoline Powder	198,200
4	Ali Traders	Tincture Benoin etc	76,800
5	Rayvit intl	Flunixin Meglumin (Pri-Defline)	63,800
		Total	1,064,326

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs1.064 million was paid irregularly.

The matter was reported to the DCO / PAO in November 2015. The department replied that batch number and expiry dates would be shown. The DAC in its meeting convened on 27-11-2015 directed to provide the required documents. No progress was reported till finalization of this report.

Audit recommends regularization besides fixing responsibility against the officers / officials at fault for acceptance of medicine without batch number and expiry date under intimation to Audit .

[AIR Para -8]

1.2.3.17 Irregular Expenditure of Pay and Allowances due to Appointments during Ban Period- Rs5.826 million

According to the information submitted by the under secretary (R-III), Government of the Punjab, S&GA Department there was ban on appointment from 06.10.1996 to 15.02.1997.

Deputy District Education Officer (EE-W) Sohawa allowed teaching staff to join the duty during the ban period imposed by the Government of the Punjab Finance Department, Lahore which resulted in irregular expenditure on pay and allowances amounting to Rs5.826 million as detailed in Annex-F.

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs5.826 million was irregularly paid.

The matter was reported to the DCO / PAO in November 2015. The department replied that matter for regularization would be taken up with the concerned authorities. DAC in its meeting convened on 27-11-2015 directed to provide the required documents. No progress was reported till finalization of this report.

Audit recommends regularization of irregular expenditure besides termination of irregular appointments and fixing responsibility against the officers / officials at fault under intimation to Audit.

[AIR Para -1]

1.2.3.18 Irregular Expenditure from SMC & FTF- Rs1.012 million

According to letter NO.SO.(A-II) 2-5/2003-dated 07th September 2004 issued by Government of the Punjab, Education Department (School Wing) to DPI (EE/SE) and all the EDOs (Education) in the Punjab ,the expenditure will be incurred through School Councils, whose minutes of the meeting will be kept on record for justification of expenditure. The Head of the Institution should maintain a record of receipt and expenditure of the funds for audit, which will be carried out by the audit department on yearly basis. Further, according to para 4.4 of School Council Policy notified vide No.SO(SNE)PMIU2010(P) dated 11th March, 2013 “School Council will prepare and submit proposal of development work school on Form-6 to AEO for approval”

Following Schools under the jurisdiction of Dy.DEO (EE-M) PD Khan, District Jhelum incurred expenditure out of SMC and FTF without codal formalities resulting in irregular expenditure of Rs1.012 million as detailed below:-

Name of School	Head	Detail of Expenditure	Amount (Rs)	Observations / Short comings
GPS Mian nasir ul din (Lilla)	SMC	2 Toilets etc	77,000	Approval from SC & Form-6
GPS Hakim abad	FTF	Const of Rooms	200,000	Approval from SC and detail Measurements of room
Do	SMC	Furniture	99,578	Approval from SC & stock entry
GPS Sohal	SMC	2 Bath rooms	79,000	Form-6 not signed by AEO & Dy DEO
GPS Ferozabad	SMC	Misc Exp	51,512	Approval School council & vouchers not available
GES Pithar Nadi	SMC	Development Expenditure	231,430	Approval School council & vouchers not available
-Do-	FTF	Misc Exp	144,954	Approval of SC & vouchers not available
GPS Dhoke Noora	SMC	White wash & labour	35,000	Approval of SC and Form-6
	SMC		50,000	

Name of School	Head	Detail of Expenditure	Amount (Rs)	Observations / Short comings
Do	FTF	Misc Exp	Amount not produced	FTF Cash book 7/2014 to 3/2015 not produced
GPS Maliar	FTF	White wash & paint	27,280	Bills not available
GPS Langar	FTF	Uniform of Students	14,160	Bills not available, detail of students not provided.
		Electricity Bill	2,045	Bills not available
		Prizes	956	Bills not available
Total			1,012,915	

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs1.012 million was irregularly paid.

The matter was reported to the DCO / PAO in November 2015. The department replied needful would be ensured. DAC in its meeting convened on 27-11-2015 directed to provide the required documents. No progress was reported till finalization of this report.

Audit recommends regularization besides fixing responsibility against the officers / officials at fault.

[AIR Para -2]

1.2.3.19 Irregular and Uneconomical Expenditure – Rs4.365 million

According to Rule 9 and 12(1) of the Punjab Procurement Rules 2014, “procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned and annual requirements thus determined would be advertised in advance on the PPRA’s web site. Procurement over one hundred thousand rupees and upto the limit of two million rupees shall be advertised on the PPRA’s website in the manner and format specified by the PPRA from time to time”.

Following formations of District Jhelum incurred expenditure of Rs4.365 million on purchase of various items and furniture during 2012-14. The expenditure was incurred through splitting of procurements and without advertising tender for open competition in violation of Punjab Public Procurement Rules, 2014 as detailed below:-

Sr No		Description	Expenditures (Rs)
1	Principal Govt., Girls Higher Secondary school Dina District Jhelum	Purchase of Distemper	935,095
		Purchase of Fiber Sheds	469,380
		Various Purchases	558,894
2	Dy DEO(EE-W) PD Khan District Jhelum	Irregular purchase of furniture	2,402,080
		Total	4,365,449

Audit holds that due to weak internal controls and financial mismanagement, amount of Rs4.365 million was irregularly paid.

The matter was reported to the DCO / PAO in November 2015. The department replied that needful would be ensured. DAC in its meeting convened on 27-11-2015 directed to provide the required documents. No progress was reported till finalization of this report.

Audit recommends regularization of irregular expenditure besides fixing responsibility against the officers / officials at fault under intimation to Audit.

[AIR Para -1]

ANNEXES

Annex-A

Part-1

MFDAC Paras for the Audit Year 2015-16

Rs in million

Sr. No	Formation	Description	Amount
1	DCO Jhelum	Doubtful disbursement of food items	0.098
2	--do--	Doubtful disbursement of Eid Gifts	0.100
3	--do--	Non-verification of GST deposit amounting Rs	0.501
4	--do--	Misclassification of expenditure Rs	0.223
5	Excise & Taxation Officer	Non maintenance of Vouched account for expenditure of	0.137
6	DO OFWM	Non deduction of GST at source	0.387
7	DO Forest	Non recovery due to damage of trees	0.033
8	EDO Health	Un-justified tendering without tender board	0
9	SMO E&EDC	Irregular Purchase of laboratory items on Exorbitant Rates	0.025
10	DO Health	Improper Reconciliation of Expenditure, Variation in Departmental and AG figures – Excess	0.060
11	THQ Sohawa	Non supply of medicine	0.060
12	RHC Jalal Pur sharif	Non-maintaining of History sheets for Repairing	0.278
13	--do--	Non-verification of GST	0.082
14	DHQ jm	Non deduction of House rent & conveyance allowance Rs	0.151
15	--do--	Non deposit of X-Ray developer fixer waste water charges –Rs	0.091
16	--do--	non maintenance of expense record of Medicine to Rs	12.283
17	--do--	Non deduction of GST	0.179
18	--do--	Non-verification of GST deposit amounting to Rs	0.090
19	RHC Dina	Irregular Purchase of Medicines without Batch No & expiry Date	0.128
20	THQ PDK	Irregular Purchase of Medicines without Batch No & expiry Date	0.661
21	Dy DEO (EE-M) JM	Overpayment Over payment on account of non dedication of GST	0.364
22	--do--	Overpayment due to non deduction of Income Tax amounting to Rs-	0.053
23	--do--	Irregular Purchase of Furniture and Electronic Items amounting	2.259
24	EDO Education JM	Irregular Expenditure under Wrong Object Code	10.114
25	--do--	Non-verification of GST-	6.796
26	--do--	Un-authorized Expenditure on Provision of Furniture without Approval -	0.300
27	Dy. DEO (EE-W) PD Khan	Irregular expenditure on development	1.390
28	--do--	Un-authorized transfer of funds for purchase of furniture Rs	0.200
29	Dy.DEO (EE-W) JM	Non-verification of GST deposit amounting to Rs	0.171
30	DO Building	Non-maintaining History Sheet – Rs	0.073
31	DO Environment Jm	Doubtful/Unjustified payment without Acknowledgment	0.416
32	DO Excise & taxation	Doubtful/Unjustified payment without Acknowledgment	0.122
33	DDO Literacy Jms	Doubtful drawl on account of literacy kit items Rs	2.209
34	--do--	Unjustified expenditure on account of training Rs	0.311
35	--do--	Irregular expenditure on account of Photo state Rs–	0.054
36	BTO JM-	Doubtful/Unjustified payment without Acknowledgment	0.071
37	DEO (EE-W) JM	Doubtful/Unjustified payment without Acknowledgment	0.122
38	DEO (EE-M) JM	Doubtful/Unjustified payment without Acknowledgment	0.127
39	PMS Jm	Misappropriations of On account of POL and repair of vehicle.	0.801
40	--do--	Misappropriation of on account of TA/DA	0.049
41	MSP PDK	Improper maintenance of the cash book for expenditure of Rs	1.232
42	--do--	Doubtful/Unjustified payment without Acknowledgment	0.037
43	--do--	diture from FTF funds on construction works pp...,Rs	0.256
44	Dy DEO (EE-W) P D Khan	Non-Utilization of Farooq-e-Taleem Fund Rs	0.787

45	--do--	Non-Utilization Of SMC Fund	1.244
46	DO Co operative	Over budgeting than limit	0.300
47	--do--	Unauthorized duties outside place of posting, Irregular drawl of pay	4.221
48	--do--	Excess expenditure due to Non-observing 15% economic cut on contingency	0.117
49	DO E&EIP	Over budgeting than limit	0.093
50	DO Fisheries Jm	Doubtful deposit of receipt	7.247
51	Taxation Branch ZC	Unjustified auction of shops	0.606
52	DO (Buildings)	Less-utilizing earth available at site	0.52,6
53	DCO Jm	Non-utilization and Re- appropriation of Budget amounting to	1.8
54	DO OFWM Jm	Non Achievement of targets of water lift irrigation Schemes	0.938
55	--do--	Unjustified payment of mess allowance	0.942
56	DO Buildings	Less-utilizing earth available at site	0.052
57	DO Buildings	Unjustified Enhancing Works –	0.786

Part-2 MAFDAC Paras for Audit Year 2014-15

S. No	Formation	Description	Amount
1	THQ PD Khan	Irregular expenditure on pay and allowances of the detained employees	0.220
2	--do--	Un-authorized appointment against dis-functional post –	0.158
3	--do--	Wastage of bed sheets & blankets due to improper stocking	0.140
4	--do--	Un-authorized expenditure in excess of budget allocation-	0.126
5	--do--	Non-deduction of 5% house rent. Recovery of	0.105
6	--do--	Overpayment due to Excess Rate of Personal Allowance –	0.070
7	--do--	Non-surrendering of Savings –	1.174
8	--do--	Over budgeting than limit –	1.169
9	EDO(F&P)	Excess expenditure due to Non-observing 15% economic cut on contingency	0.088
10	DO Live Stock	Over budgeting than limit –	0.854
11	--do--	Excess expenditure due to Non-observing 15% economic cut on contingency –	0.706
12	--do--	Overpayment due to unjustified special increment –	0.176
13	--do--	Overpayment due to wrong fixing of pay and allowances –	0.115
14	--do--	Non-recovery of Conveyance Allowance –	0.070
15	--do--	Non-surrendering of Savings – Rs	0.060
16	--do--	Non-reconciliation of purchee fee	0.050
17	EDO(Education)	Non surrendering of saving	1.112
18	-----do--	Irregular expenditure in excess of the budget provision	0.568
19	Dy.DEO(EE-W)	Un-authorized expenditure in excess of budget allocation-	2.023
20	Sohawa	Non-recovery of advance increment –	0.390
21		Non-recovery of Charge Allowance for summer vacations –	0.377
22	--do--	Overpayment of Adhoc allowanc due to wrong fixing of basic pay	0.343
23	--do--	Overpayment due to payment of SSB –	0.332
24	--do--	Overpayment due to unjustified special increment –	0.252
25	--do--	Un-authorized drawing C/A during summer vacation –	0.150
26	DO Road	Overpayment due to unjustified special increment –	0.234
27	--do--	Unjustified payment without estimate –	0.334
28	--do--	Non-recovery on account of annual fee of petrol pumps of -	0.630
29	--do--	Un-authorized expenditure in excess of budget allocation-	3.214
30	--do--	Unjustified payment of pay & Allowances without performing jobs	1.082
31	DO Forest	Unauthorized drawl of pay and allowance	0.244
32	--do--	Un-authorized expenditure in excess of budget allocation-	0.083
33	EDO(W&S)	Non-surrendering of Savings -	0.418
34	DO Building	Non-imposition of penalty -	0.580
35	DO Building	Loss of government due to change of scope of works	0.180
36	DO Road	Non-recovery on account of annual fee of petrol pumps of -	0.630
37	--do--	Non-imposing of penalty due to delay in completion	0.968
38	--do--	Non-surrendering of Savings –	5.062
39	--do--	Over budgeting than limit –	3.037
40	--do--	Un-authorized expenditure in excess of budget allocation-	3.214
41	--do--	Overpayment due to unjustified special increment –	0.234
42	RHC Domeli	Wasteful Expenditure on account of purchase of medicines with out need.	0.081
44		Non Supply of medicines Rs	0.063

45	RHC Khalspur	Non – recovery of	0.122
46		Non surrendering of saving	0.868
47	DOH	Non surrendering of saving	0.571
48	----do----	Non auction of Govt. vehicle loss to Govt. due to decoration	
49	THQ Sohawa	Irregular expenditure on account of local purchase of medicine -	0.224
50	--do--	Non surrendering of saving of Rs	0.246
51	--do--	Non recovery of house rent allowance	0.256
52	--do--	Irregular drawl of telephone bill	0.185
53	--do--	loss to government due to non-regularization of contract employees	0.178
54	Dy.DEO(EE-M) Sohawa	Payment of conveyance allowance to the staff for leave period Recovery	0.094
55	DO Civil Defence	Irregular purchase amounting	0.186
56	DHQ Hospital	Un-justified shifting of head quarter Irregular drawl of pay and allowances during general duty period and recovery of HSRA Rs19,920	0.252
57		Loss to government due to none usage of X-Ray machine	3.000
58		Non surrendering of saving	3.45
59	RHC Khalaspur	Un lawful Purchase of Medicines without DTL Report	0.101
60		Non –verification of Deposits	0.093
61	Dy.DO CDP Dina	Non surrendering of saving	0.309
62	Dy.DHO Sohawa	Irregular expenditure of over & above the Budget allocation	1.290
63	MSO Jhelum	Non surrendering of saving	0.066
64	DCO	Misappropriation	0.600
65	DHQ Hospital	Less deduction of income tax	0.319
66	DHQ Hospital	Non supply of miscellaneous items Rs-833,334 and non-forfeiture of security Rs-83,000	0.833
67	DHQ Hospital	Loss to due to undue free facility beyond the permissible limit	0.494
68		Loss due to none regularization of contract employees	0.592
Total			9.768

Annex-B

No. & Name of the Grant / Appropriation	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess (+) Saving (-)
NON-DEVELOPMENT					
Provincial Excise.	3,570,550	617,400	4,187,950	2,892,753	-1,295,197
Forests.	6,369,352	721,248	7,090,600	6,611,176	-479,424
Charges on A/c of M. V. Act.	2,952,380	104,500	3,056,880	2,056,919	-999,961
Other Tax & Duties	5,664,310	419,000	5,883,310	5,066,925	-816,385
General Administration	79,720,358	0	79,720,358	63,405,081	-16,315,317
Education	2,849,532,154	104,050,036	2,953,582,190	2,589,884,628	-363,697,562
Health	786,388,766	0	786,388,766	708,235,769	-78,152,997
PHE (Environment)	3,020,242	0	3,020,242	2,667,612	-352,630
Agriculture	105,132,894	34,316	105,167,210	89,535,662	-15,631,548
Fisheries	1,678,154	0	1,678,154	1,386,184	-291,970
Veterinary	53,367,750	0	53,367,750	46,057,944	-7,309,806
Cooperative	17,488,650	0	17,488,650	15,620,889	-1,867,761
Industries	1,239,376		1,239,376	1,189,126	-50,250
Miscellaneous	4,920,510		4,920,510	3,577,832	-1,342,678
Civil Works	50,919,024	2,559,996	53,479,020	50,840,348	-2,638,672
Communication	73,386,256	0	73,386,256	39,093,561	-34,292,695
Miscellaneous	23,445,442	0	23,445,442	17,588,956	-5,856,486
Civil Defence	4,295,788	0	4,295,788	3,834,802	-460,986
Total Non-Development	4,072,891,996	108,506,496	4,181,358,492	3,649,546,167	-531,852,325
DEVELOPMENT					
Development.	1,060,282,975	0	1,060,282,965	668,523,301	-391,759,664
Total Development :	1,110,282,965	0	1,110,282,965	668,523,301	-441,759,664
Grand Total :	5,183,174,961	108,506,496	5,291,681,457	4,318,069,468	-963,611,989
Surrender / Withdrawal	0	101,248,342	-101,248,342	0	101,248,342
	5,183,174,961	108,506,496	5,190,433,115	4,318,069,468	-872,363,647

Annex-C

[Para-1.2.3.4]

Sr. No	Name of Office	AIR Para	Particulars	Amount (Rs)
1	Dy.DEO (EE-W) Sohawa	4	Inadmissible Increment to Newly Appointed Staff	2,303,648
2	DLO Jm	5	special increment	258,400
3	DLO Jm	6	wrong fixing of pay and allowances	154800
4	SMO (E&EDC)	5	SSB	218760
5	THQ (Sohawa)	7	special increment	45,220
6	RHC Jalal pur	6	special increment	54,400
7	RHC Dina	2	Conveyance Allowance	60,000
8	RHC Dina	4	special increment	53,550
9	THQ PDK	4	5% house rent. Recovery	105,971
10	THQ PDK	6	Personal Allowance	70,547
11	THQ PDK	7	special increment	58,140
12	THQ PDK	9	Conveyance Allowance & House Rent Allowance	157,711
13	DDEO (EE-M) JM	9	charge Allowance	172,432
14	Dy. DEO (EE-M) Sohawa	2	December increment w/o maturing of 6 months	134,824
15		3	30 % SSB-	340,008
16		5	Charge Allowance during vacations-	114,516
17	Dy. DEO (EE-W) PDK	1	Charge Allowance during vacations	92,240
18	Dy. DEO (EE-W) Sohawa	5	advance increment	437,052
19		6	special increment	677,790
20		7	incorrect fixation of Pay	173,784
21		8	Integrated Allowance	77,400
2	Dy DEO (EE-M) PDK	4	advance increment	282,015
23		5	special increment	279,090
24		7	Integrated Allowance	154,800
25	Dy.DEO (EE-W) Jhelum	2	Conveyance Allowance	748,015
26		5	December increment December increment w/o maturing of 6 months	2,071,000
27	EDO W&S Jm	2	special increment	83,750
28	DO Roads Jm	8	Over the Scope of Work	300,317
29	DO Roads Jm	9	Not Deduction of Road Crust	223,359
30	DO Roads Jm	11	annual fee of petrol pumps	45,000

31	DO Building Jm	7	quantities in excess of DNIT	2,621,000
32	DO Building	8	Applying higher rates than approved rates	105,516
33	PMS JLM	2	non practicing allowance	144,000
34	Dy. DEO (EE-W) PDK	1	conveyance allowance	135,636
35	Dy. DEO (EE-M) Jhelum	1	conveyance allowance & SSB Recovery	87,912
36	DCO	16	Subsidy	271,480
Total				13,226,171

Annex-D**[Para-1.2.3.5]**

Sr. No	Name of Formations	AIR Para	Budget Head	Budget	Expenditure	Excess
1	DCO JM	6	Pay & allowances	1,558,638	1,804,500	245,862
2	Do Excise & Taxation	3	do	142,270	267,581	125,311
3	DO OFWM	2	do	1,283,575	2,015,129	1,098,839
4	DO(H)	3	do	10,409,000	13,218,156	2,809,156
5	THQ Sohawa	6	do	0	58,880	58,880
6	Dy. DEO (EE-M) Jhelum	3	do	95,170,000	136,899,569	41,729,569
7	EDO(Edu)	9	do	5,788,747	6,485,653	696,906
8	Dy. DEO (EE-W) Sohawa	3	do	44,789,350	59,393,945	14,604,595
9	DO (Roads)	3	do	10,797,651	12,900,149	2,102,498
10	DO (Building)	2	Allowances	0	148,719	148,719
11	DO (E& taxation)	2	Pay & allowances	10,792,000	11,885,568	1093568
12	Blood Transfusion Officer	2	do	6,514,000	7,138,138	624138
13	DO E&IP	2	do	2,024,000	2,119,729	95,729
14	DO Fisheries	4	do	463,600	673,355	209,755
15	DO Labour	1	do	3,022,930	3,232,570	209,640
					Total	65,853,165

Annex-E

[Para-1.2.3.10]

(a) DO (Roads) Jhelum.

(Rs in million)

Name of Work	Acceptance	Amount (Rs)	Completion Due date	Completion Actual Date	Penalty @ 10%
Restoration/Construction of Streets damaged due to sewerage system in Mohallah Abbas Pura & Professor Colony Jhelum City	9/C dt. 12/06/14	6.957	30-06-14	In progress	0.696
Restoration/Re-construction of Link Road from Chak shadi to Dewan pur Tehsil P.D. Khan Length: 3.22 Km	999/C dt. 26/02/15	6.299	25-06-15	In progress	0.630
Restoration/Re-construction of Link Road Khotian to Azam Pur Tehsil P.D. Khan Length: 3.32 Km	977/C dt. 26/02/15	6.975	25-06-15	In progress	0.698
Restoration/Re-construction of Link Road Sanatha to Chajja Tehsil Dina	1049/C dt. 02/03/15	3.99	1/6/15	In progress	0.399
Restoration/Re-construction of Link Road Jandala to Gatter Tehsil Sohawa	1082/C dt. 04/03/15	1.727	3/6/15	In progress	0.173
	Total	25.948			2.596

(b) DO (Buildings) Jhelum.

Name of work	Name of Contractor	Agreement amount	Completion Due date	Time Limit	Completion Date	Penalty @ 10%
Const: 3C/Rooms with Varanda, Staff Room in GGHS Bakarala The. Sohawa	Usman & Co.	3,915,000	08.11.14	4Months	Pending	391,500
Const: 4C/Rooms with Varanda in GHS Gattar The. Sohawa	Usman & Co.	5,029,000	17.11.14	5Months	Pending	502,900
Const: of B/Wall with R/Wall. Gate, Gate Pillers in GGPS Dk.Tali The Sohawa.	Usman & Co.	1,780,000	10.01.15	1 1/2 Months	Pending	178,000
Const: of DLO Office Jhelum	Ch. Enterprise	2,759,672	18.02.15	2 1/2 Months	Pending	275,967
Re-Const of 6 C/Room in GGHS P.D.Khan	Ch M. Bashir	5,484,197	13.03.14	5 Months	Pending	548,420
Const: of 2 C/Rooms GPS Bala	Hamyuan Zeb	2,230,579	13.12.14	4 Months	Pending	223,058

Name of work	Name of Contractor	Agreement amount	Completion Due date	Time Limit	Completion Date	Penalty @ 10%
Up-gradation of GPS to Elementary Level at Pakhwal	Ch. Enterprise	6,641,542	24.02.15	4 Months	Pending	664,154
Total		27,839,990				2,783,999

Amount of penalty (a)+(b)= Rs2.596 million +Rs2.78 million=Rs5.380 million

Annex-F

Para-1.2.3.17

Sr. No	Name of Teacher	Deisg	D.O.A	Period	Months	Basic Pay	Amount (Rs)	
1	Naheed Kausar	PST	15.02.97	15.02.97-30.11.97	9	1,480	14,113	
				01.12.97-30.11.98	12	1,561	18,732	
				01.12.98-30.11.99	12	1,642	19,704	
				01.12.99-30.11.00	12	1,723	20,676	
				01.12.00-30.11.01	12	1,804	21,648	
				01.12.01-30.11.02	12	2,820	33,840	
				01.12.02-30.11.03	12	2,940	35,280	
				01.12.03-30.11.04	12	3,060	36,720	
				01.12.04-30.06.05	7	3,180	22,260	
				01.07.05-30.11.05	5	3,675	18,375	
				01.12.05-30.11.06	12	4,170	50,040	
				01.12.06-30.06.07	7	3,815	26,705	
				01.07.07-30.11.07	5	4,380	21,900	
				01.12.07-30.06.08	7	4,540	31,780	
				01.07.08-30.11.08	5	5,430	27,150	
				01.12.08-30.06.09	7	5,620	39,340	
			BPS-09		01.07.09-30.11.09	5	5,660	28,300
					01.12.09-30.11.10	12	5,890	70,680
					01.12.10-30.06.11	12	6,120	73,440
					01.07.11-30.11.11	12	10,000	120,000
				01.12.11-30.11.12	12	10,380	124,560	
				01.12.12-30.11.13	12	10,760	129,120	
				01.12.13-30.11.14	12	11,140	100,260	
				01.12.14-30.06.15	7	11,520	80,640	
				01.07.15-31.10.15	4	14,945	59,780	
				Sub Total			1,165,263	
2	Shahida Perveen	PST	15.02.97	Detail given at Sr No.01			1,165,263	
3	Faiza Iqbal	PST	15.02.97	Detail given at Sr No.01			1,165,263	
4	Robina Firdous	PST	15.02.97	Detail given at Sr No.01			1,165,263	
5	Afshan Mehmood	PST	15.02.97	Detail given at Sr No.01			1,165,263	
				Grand Total			5,826,315	