



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL
ADMINISTRATIONS
DISTRICT **ATTOCK**
AUDIT YEAR 2014-15**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Plan
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
FD	Finance Department
IPSAS	International Public Sector Accounting Standards
LG & CD	Local Government & Community Development
MFDAC	Memorandum for Departmental Accounts Committee
NAM	New Accounting Model
PAC	Public Accounts Committee
PDG	Punjab District Governments
PLGO	Punjab Local Government Ordinance
PLG	Punjab Local Government
PDSSP	Punjab Devolved Social Sector Programme
PPRA	Punjab Procurement Regulatory Authority
TAC	Tehsil Accounts Committee
TMA	Tehsil/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 (Regulation)

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to audit the accounts of the provincial governments and the accounts of any authority or body established by, or under the control of, the provincial government. 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 the accounts of Tehsil Municipal Administrations of District Attock for the financial year 2013-14. 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 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 Officers 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 meeting by PAO was 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:

(RANA ASSAD AMIN)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (North), Lahore carries 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 Administration 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 1,574 man-days and the annual budget of Rs 17.567 million for the financial year 2014-15. It has mandate to conduct Financial Attest, Regularity Audit and Compliance with Authority & Performance Audit of entire expenditure including programmes / projects & receipts. Accordingly, R.D.A Rawalpindi carried out audit of the accounts of three TMAs of District Attock for the financial year 2013-2014.

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

Audit of TMAs of District Attock 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.

a. Scope of Audit

Out of total expenditure of Rs. 1,360.050 million of the TMAs in District Attock for the financial year 2013-2014 covering six PAOs, the Directorate General Audit, audited an expenditure of

Rs. 551.494 million which in terms of percentage was 40.55% of auditable expenditure. The Directorate General Audit planned and executed audit of 03 PAOs i.e. 100% achievement against the planned audit activities.

Total receipts of the TMAs in District Attock for the financial year 2013-14, were Rs. 821.850 million, whereas, Directorate General Audit, audited receipts of Rs. 470.694 million which was 57.27% of total receipts.

b. Recoveries at the instance of audit

Recovery of Rs. 7.039 million was pointed out, which was not in the notice of the executive before audit. No recovery was effected till time of compilation of report.

c. Audit Methodology

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

d. Audit Impact

A number of improvements, as suggested by audit, in maintenance of record and procedures have been initiated by the concerned TMAs; 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 Control and Internal Audit Department

Internal control mechanism of District Government Attock 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 Government to appoint an Internal Auditor but the same was not appointed in District Attock.

f. Key Audit Findings of the Report

i. Irregularity & non compliance of Rs. 102.466 million noted in eleven cases¹.

ii. Missing here

iii. Missing her

Audit paras for the audit year 2014-15 involving procedural violations including internal control weaknesses, and irregularities not considered worth reporting to the PAC are included in MFDAC (Annex-A).

g. Recommendations

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

- i. Producing of record to audit for verification.
- ii. Holding investigations for wastage, fraud, misappropriation and losses, and take disciplinary actions after fixing responsibilities.
- iii. Strengthening of internal controls.
- iv. Appointing of internal auditor.
- v. Holding of DAC meetings well in time.
- vi. Ensuring compliance of DAC directives and decisions in letter and spirit.
- vii. Expediting the recoveries pointed out by Audit as well as others recoverable in the notice of management.
- viii. Ensuring compliance of relevant laws, rules, instructions and procedures, etc.
- ix. Maintaining of accounts and record in proper manner.
 - x. Taking appropriate action against officers/officials responsible for violation of rules and losses.
 - xi. Realizing and reconciling of various receipts.
 - xii. Taking stock physically of the fixed and current assets.
- xiii. Addressing systemic issues to prevent recurrence of various omissions and commissions.

¹ Para 1.2.1.1 to 1.2.1.2

² Para 1.3.1.1 to 1.3.1.4

³ Para 1.4.1.1 to 1.4.1.5

SUMMARY TABLE & CHARTS

Table 1: Audit Work Statistics

Sr. No.	Description	No.	Budget (Rs. in million)
1	Total Entities (PAOs) in Audit Jurisdiction	6	1,097.706
2	Total Formations in Audit Jurisdiction	6	1,097.706
3	Total Entities (PAOs) Audited	3	734.003
4	Total Formations Audited	3	734.003
5	Audit & Inspection Reports	3	734.003
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports	-	-

Table 2: Audit observation regarding Financial Management

Sr. No.	Description	Amount Placed under Audit Observation (Rs. in million)
1	Unsound asset management	-
2	Weak financial management	7.039
3	Weak internal controls relating to financial management	-
4	Violation of rules	95.427
5	Others	-
TOTAL		102.466

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	1.237	173.992	551.494	766.159	1,492.882*	1,593.808
2	Amount Placed under Audit Observation/ Irregularities of Audit	0	49.339	5.367	47.760	102.466	290.359
3	Recoveries Pointed Out at the instance of Audit	0	1.667	5.372	0	7.039	66.04

Sr. No.	Description	Expenditure on Acquiring Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last year
4	Recoveries Accepted/ Established at the instance of Audit	0	0	0	0	0	0
5	Recoveries Realized at the instance of Audit	0	0	0	0	0	1,593.808*

* The amount serial No 1 in column "total 2013-14" is the sum of expenditure and receipts, whereas the total expenditure audited for the year 2013-14 was Rs 941.388 million

Table 4: Irregularities Pointed Out

Sr. No.	Description	Amount Placed under Audit Observation (Rs. in million)
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	95.427
2	Reported cases of fraud, embezzlement, theft and misuse of public resources.	-
3	Accounting errors (accounting policy departure from IPSAS, misclassification, overstatement or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	Quantification of weaknesses of internal control systems	-
5	Recoveries and overpayments, representing cases of establishment overpayment of misappropriation of public money.	7.039
6	Non-production of record.	-
7	Others, including cases of accidents, negligence etc.	-
Total		102.466

Table 5: Cost-Benefit

Sr. No.	Description	Amount (Rs. in million)
1	Outlays Audited (Items 1 of Table 3)	1,492.882
2	Expenditure on Audit	2.196
3	Recoveries realized at the instance of Audit	-
4	Cost Benefit Ratio	1:0

CHAPTER-1

1.1 City District Government, Attock

1.1.1 Introduction of Departments

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

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

1.1.2 Comments on Budget and Accounts (Variance Analysis)

Total budget of TMAs of District Attock was Rs. 734.003 million (inclusive Salary , Non-salary and development) whereas the expenditure incurred (inclusive Salary , Non-salary and development), was Rs. 470.694 million showing savings of Rs. 263.309 million which in terms of percentage was 36% of the final budget(detail below). Less utilization of development budget (31%) deprived the community from getting better municipal facilities.

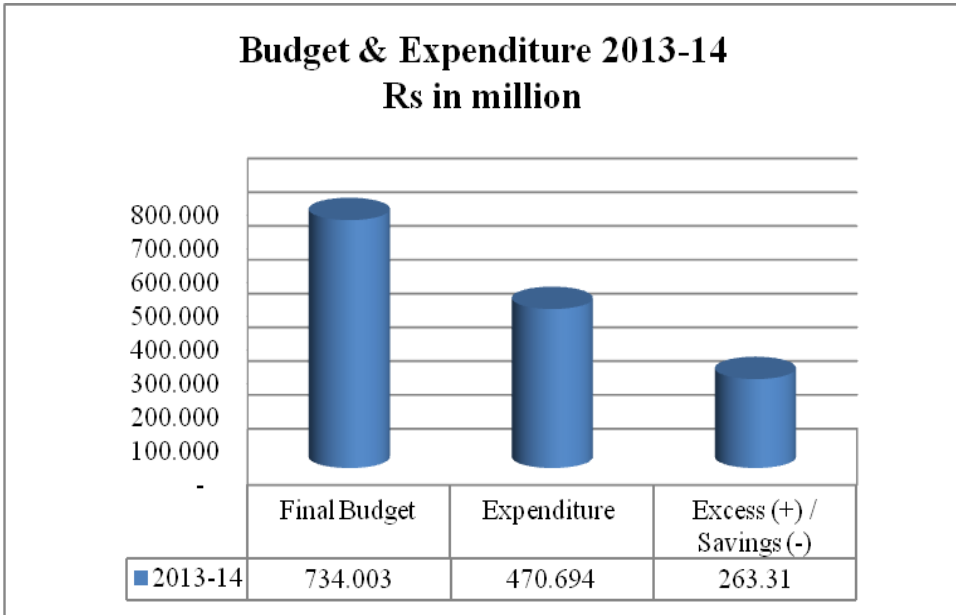
Rs. in million

2013-14	Budget	Expenditure	Excess (+) / Saving (-)	% (Saving)
Salary	328.727	197.318	- 131.409	40
Non Salary	153.65	99.384	- 54.266	35
Development	251.626	173.992	- 77.634	31
	734.003	470.694	- 263.309	36

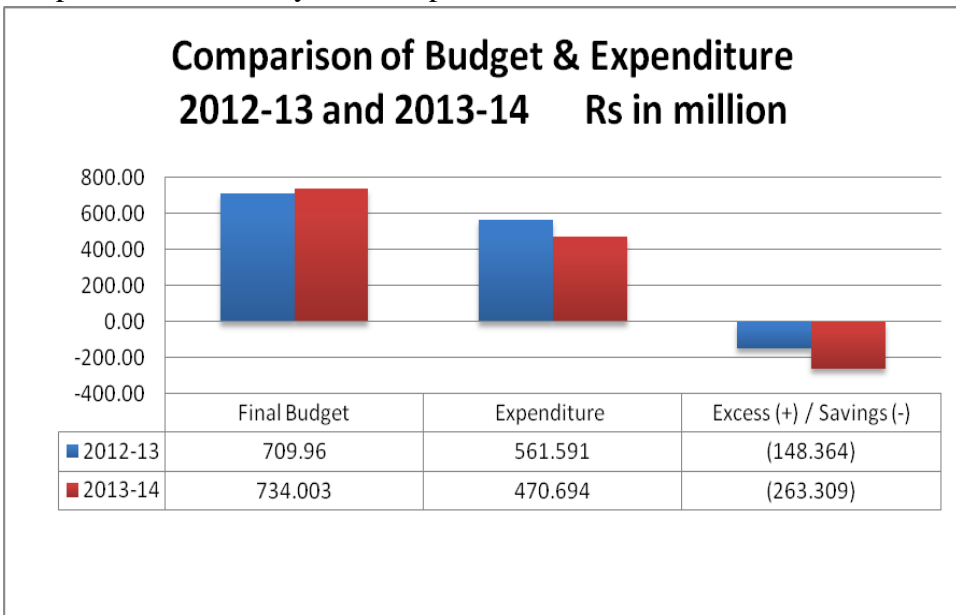
The budgeted outlay was Rs. 734.003 million of eight (03) TMAs includes PFC award of Rs. 154.224 million whereas total expenditure incurred by the TMAs during 2013-14 was Rs. 470.694 million with a savings of Rs. 263.309 million (detailed below). This is indicative of the fact that the TMAs had sufficient funds to meet the expenditure from their own sources and there was no need of any injection of PFC award.

Rs. in million

TMA	Budgeted Figure			Budgeted Outlay	Actual Expenditure	Savings	%age of Savings
	Own receipt including OB	PFC award	Total Receipts				
TMA Attock	225.49	73.836	299.326	344.848	281.085	63.763	18.5
TMA Fateh Jang	103.97	39.372	143.344	229.681	89.907	139.774	60.9
TMA Jand	108.54	41.016	149.552	159.474	99.702	59.772	37.5
Total	438.00	154.224	592.222	734.003	470.694	263.309	35.9



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



There was savings in the budget allocation of the financial year 2012-13 and 2013-14 as follows:

(Rs in million)

Financial Years	Budget	Expenditure	Savings	% of Saving
2012-13	709.955	561.591	148.364	21
2013-14	734.003	470.694	263.309	36
Total	1,443.96	1032.285	411.673	29

The justification of saving when the development schemes have remained incomplete is required to be provided, explained by PAOs and TMOs concerned.

1.1.3 Brief Comments on the Status of Compliance on MFDAC Audit Paras of Audit Report 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	2009-12	29	Not convened
2	2012-13	09	Not convened
3	2013-14	25	Not convened

1.2 AUDIT PARAS

1.2.1 TMA, ATTOCK

1.2.1 Irregularity & Non-compliance

1.2.1.1 Irregular execution of schemes – Rs. 37.500 million

As per instructions contained in F.D letter No FD (F-R) ii 2/89 dated 27-03-1990 that in order to watch the transparency that the Estimate of the work has been technically sanctioned by the competent authority prior to start the work, the No, date and amount of TS Estimate and name of Authority who TS the Estimate should be mentioned in the notice of press advertisement, as well as FD No RO (tech) 1-2/83-iv dated 29-03-2009 also laid down that a certificate should be obtained from end user that the repair / execution has been carried out satisfactory before releasing the final payment to the contractor.

Audit of the accounts of TMA Attock revealed that for the execution of 14 development schemes amounting to Rs. 37.500 million, no TS estimate number was provided in the advertisement made in daily Jang newspaper dated 11.10.2013. Further, it was noticed that sufficient time for a tender opening was not given and tenders opened on 23.10.2013. Hence, works were executed without having technical sanction of the authority. Further, post completion evaluation report of development schemes were also not sent to planning officer as detailed at Annex-C.

Audit is of the view that due to weak internal controls and mismanagement, development works were not properly executed.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 5]

1.2.1.2 Irregular Transfer of Funds to PLGB – Rs. 2.373 million

As per section 109(3) of PLGO 2001, no local Government shall transfer monies to a higher level except by way of re-payment of debts contracted before the coming into force of this ordinance.

Audit of the accounts of TMA Attock revealed that during 2013-14 an amount of Rs. 2,373,110 was transferred to Punjab Local Government Board as contribution from income, in violation of above rule.

Audit holds that due to poor internal control and financial mismanagement, amount was transferred to PLGB Lahore without the approval of Finance Department.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No.6]

1.3.1 TMA, FATEH JANG

1.3.1 Irregularity & Non-compliance

1.3.1.1 Irregular Payment to IESCO – Rs. 10.167 million

According to Rule 128 (d) of PLG (Budget) Rules, 2001 any extravagant or waste of local fund shall be regarded as financial irregularity and Rule 32 of PLGO (Accounts) Rules, provides that the expenditure should not be prima facie taken for more than the occasion demands.

Audit of the accounts of TMA Fateh Jang revealed that an amount of Rs. 10.167 million was paid to **IESCO** during 2013-14 on account of bill of street lights & sanitation branch. It was noticed that many meters were installed in TMA Fateh Jang and were shown defective since long. Despite serious efforts for functioning of electricity meters, TMA authority made huge bill without any reading.

Audit holds that due to poor internal control and financial mismanagement, an amount of Rs. 10.167 million was irregularly paid to IESCO without meter readings.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 2]

1.3.1.2 Non-recovery of Outstanding Rent of Shops - Rs. 2.500 million

According to Rule 76 of PDG and 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 Local Government Fund under the proper receipt head.

TMA Fateh Jang did not recover arrears from 112 shops on account of rent of shops, situated on bus stand amounting to Rs. 2.5 million for the period 2013-14.

Audit holds that due to poor internal control and financial mismanagement, arrears were not collected.

The matter was reported to the PAO in March 2015. The management neither submitted any reply nor was a DAC meeting convened till finalization of this report.

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

[AIR Para No 4]

1.3.1.3 Irregular Transfer of Fund to PLGB - Rs. 1.192 million

As per Section 109(3) of PLGO 2001, no local Government shall transfer monies to a higher level except by way of re-payment of debts contracted before coming into force of this ordinance.

TMA Fateh Jang transferred an amount of Rs. 1.192 million to Punjab Local Government Board (PLGB) during 2013-14 on account of payment of contribution towards the maintenance fund of PLGB for the years. The payment was made on the direction of Secretary PLGB Lahore in violation of above rule and without concurrence of Finance Department, Govt. of the Punjab.

Audit holds that due to poor internal control and financial mismanagement, amount was transferred to PLGB Lahore without the approval of Finance Department.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 1]

1.3.1.4 Non-deposit of Income Tax – Rs. 1.667 million

According to Section 153 of Income Tax Ordinance, 2001 every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person shall, at the time of making the payment, deduct tax from the gross amount.

TMA Fateh Jang made payments on account of development expenditure amounting to Rs. 22.685 million during 2013-14 but income

tax of Rs1.667 million was not deducted at the source from contractor's bill.

Audit holds that due to poor internal control and financial mismanagement, tax was not deducted.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 3]

1.4.1 TMA, JAND

1.4.1 Irregularity & Non-compliance

1.4.1.1 Non-achievements of Income Targets – Rs. 35.012 million

According to rule 112 of the PDG & TMA (Budget), Rules, 2003, it shall be the duty of the collecting officer that all income claimable is claimed, realized and credited to the local fund of the local government. Further, according to rule 4.1 of PFR Vol-I, the departmental controlling officer should see that all sums due to government are regularly received and checked against demand and the same are paid into government treasury.

Scrutiny of receipt record of TMA Jand District Attock for the FY.2013-14, revealed that target of the following incomes was fixed at Rs. 35.867 million but department collected/ achieved Rs. 0.615 million only resulting in short/ less achievement of income target Rs. 35.012 million.

Period	Description	Income Target (Rs)	Achieved (Rs)	Less (Rs)
2013-14	TTIP(Arrear)	1,283,360	0	1,283,360
	Building Fee	700,000	0	700,000
	Water Rates(current)	825,000	431,022	393,978
	Water Rates Arrear	1,500,000	184,420	1,315,580
	Misc. arrear	1,045,963	0	1,045,963
	House building advance	240,000	0	240,00
	Arrear license fee	150,998	0	150,998
	Arrear cattle mandi	30,122,150	0	30,122,150
TOTAL		35,867,471	615,442	35,012,269

Audit is of the view that human resources were not fully utilized for collection of receipt properly, effectively and timely.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 1]

1.4.1.2 Non-allocation of M&R Funds – Rs. 7.000 million

As per FD(TMA)1-1/2007 dated 21-04-2007, all TMA's are bound to allocate M&R funds in their budget as per revised yard stick of annual maintenance of road and buildings.

TMA Jand did not allocate Rs. 7.000 million on M&R out of total development budget during 2013-14. 12 Union Councils falls under the jurisdiction of TMA. It is the responsibility of TMA to play role of custodian of local Government property through annual repair and maintenance of Government assets.

Audit is of the view that due to weak financial discipline, funds for M&R were not allocated.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 4]

1.4.1.3 Difference in Annual Account – Rs. 2.183 million

According to Rule 67(3) of (Budget) Rules 2003, the respective Head of Offices, Drawing and Disbursing Officer (DDO) and the Accounts Officer shall be jointly responsible for reconciling any differences and for correcting misclassifications or any other errors.

The study of the accounts of TMA Jand, District Attock revealed that there was a difference of Rs. 2.183 million in annual account between the books of TO(Accounts) and TO(Finance). As per accounts summary total expenditure was Rs. 97,517,577 whereas books of TO (Finance) reports showed total expenditure of Rs. 99,700,327. The difference in expenditure was not settled through reconciliation even after a lapse of six months in violation of the criteria.

Audit is of the view that due to weak financial discipline, differences in accounts balances were not reconciled.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in

March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 2]

1.4.1.4 Non-receipt of Additional Performance Security - Rs. 1.672 million

According to clause 18 of the agreement and notification issued by Finance Department vide No. RO (Tech) FD 1-2/83 (VI) (P) dated. 6-4-2005 In case the total tendered amount or the contracting agency quoting the rates (cost) of tender below 5% to 10% of estimates amount the difference amount i.e. below 5% of estimated cost would be deposited in cash within 7 days of the issuance of acceptance letter as additional performance security otherwise his contract will be rescinded and earnest money forfeited in favour of District Government in public interest along with black listing of firm

TMO Jand District Attock, allotted different works worth Rs. 4.812 million to different contractors during 2013-14, who quoted rates below 5% of the TS Estimates. It was observed by Audit that additional performance securities equal to rates quoted below 5 % by the contractors was required to be obtained by the department. Scrutiny of record revealed that additional performance security to the amount of Rs1.672 million was not received. Moreover, no completion certificate was obtained from the competent authority and satisfactory reports from the public of respective area.

Sr. No.	Name of Scheme.	Name of Contractor	T.S (Rs)	Rate Quoted	Performance Security Due (Rs)
1	Const. of path dhok targar Khanda Tma	MMN enterprises	1,870,000	41.4% Below	774,180
2	Const. of path Nala Kass to Dhok Azam Bajowala	Sardar Amir abbas	1,132,000	28.50%	322,620
3	Const. of Street Az Hussain Baksh to Dr Yousaf Jinnah Colony	M.Tayyab & Sons	639,000	25%	159,750
4	Const of street Home Riaz to M.Nazir	Liakaqt Ali Khan	592,000	35%	207,200
5	Const. of street az Master Safdat to Home Qasim Marhom Mari		579,000	36.02	208,555
Total			4,812,000		1,672,305

Audit is of the view that due to weak financial discipline, additional performance security was not obtained from the contractors.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No 5]

1.4.1.5 Non-recovery of Water Charges – Rs. 1.200 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.

Audit scrutiny of accounts record of TMA Jand District Attock revealed that an amount of Rs. 1.200 million has not been recovered/realized from the consumers of the water supply connections during 2013-14.

Audit is of the view that due to weak financial discipline, water charges were not recovered.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in March, 2015. Neither any reply was furnished by the Department nor DAC meeting was convened till finalization of this Report.

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

[AIR Para No.7]

ANNEXURES

PART-I

**Memorandum for Departmental Accounts Committee
Paras Pertaining to Current Audit Year 2014-15**

Sr. No.	Name of Formations	AP #	Description of Para	Amount (Rs)	Nature of Para
1	TMA Attock		Lavish expenditure on lavish inauguration pillars causing loss to Govt	712,528	Irregularity & non compliance
2			Irregular purchase of main hole covers without approval of Non-schedule rates	197,900	Irregularity & non compliance
3			Non-recovery of Income Tax	402,000	Irregularity & non compliance
4	TMA Fateh Jang		Non reconciliation of account and none maintenance of cash book DDO	99,700,000	Irregularity & non compliance
5			Difference in Annual account	2,182,750	Irregularity & non compliance
6			Non passing / clearance of building plans and Non recovery of commercialization fee	603,301	Performance
7			Non completing of Civil work Rs1.475 million and Non-recovery of liquidated damages due to delay in completion of work	160,000	Performance
8	TMA Jand		Non reconciliation of account and none maintenance of cash book DDO	99,700,000	Irregularity & non compliance
9			Non passing / clearance of building plans and Non recovery of commercialization fee	603,301	Irregularity & non compliance
10			Irregular expenditure on account of purchase of sports item	1,237,000	Irregularity & non compliance
11			Non-recovery of liquidated damages due to delay in completion of work	160,000	Performance

PART-II

**Memorandum for Departmental Accounts Committee
Paras Pertaining to previous Audit Year 2013-14**

Sr. No.	Name of Formation	AP #	Description of Para	Amount (Rs)	Nature of Para
1	TMA Attock		Loss to TMA due to deposit of Security deducted from contractors in irrelevant Head of account	306,611	Irregularity & non compliance
2			Less receipt of performance security Rs508,500 and non-forfeiture of security	600,000	-do-
3			Late deposit of money	3,605,000	-do-
4			Irregular expenditure without completion report	5,000,000	-do-
					-do-
5	TMA Fateh Jang		Irregular expenditure without preparing and approval of PC-1	19,188,000	-do-
6			Loss to Local Government on accounts of water charges	9,728 ,000	-do-
7			Un-Authorized change of nomenclature of schemes	1,000,000	-do-
8			Non-recovery of liquidated damages due to delay in completion of work	961,750	Performance
9			Irregular Expenditure on Account of Sport Festival	390,000	Irregularity & non compliance
10			Likely misappropriation	303,860	Performance
11			Un-Economical Expenditures on Account of Tentage	276,760	Irregularity & non compliance
12			Doubtful/irregular expenditures on a/c of Repair	253,800	Performance
13			Irregular Expenditure on Account of Refreshment	211,150	Irregularity & non compliance
14			Irregular publication by DGPR	197,061	-do-
15			Doubtful Distribution of Cash Prizes on Account of Sport Festival	150,400	-do-
16			Non- Credit of Lapsed Securities to Government Revenue	102,554	-do-
17			Doubtful payment on account of Purchase of Tyres	73,080	Performance
18			Non Recovery of Conveyance Allowance	57,500	-do-
19	TMA Hazro		Non –Reconciliation of receipt with Bank	8,460,000	Irregularity & non compliance
20			Doubtful expenditure	4,480 ,000	Performance
21			Non-allocation of 2% Sport Fund from Development Fund	1,500 ,000	Irregularity & non compliance
22			Irregular transfer of funds to PLGB,	645,545	-do-

Sr. No.	Name of Formation	AP #	Description of Para	Amount (Rs)	Nature of Para
23			Non recovery on account of arrears of	463,508	Performance
24			Loss due to acceptance of bid below Reserve Price	437,333	Irregularity & non compliance
25			Doubtful expenditure	290,000	Performance
26			Non-realization of water rate charges	252,940	-do-
27			Non-Deposit of Income Tax	248,798	-do-
28			Non reconciliation of account and non maintenance of cash book DDO	107,712,000	Irregularity & non compliance
29			Doubtful payments	1,216,000	-do-
30			Loss to TMA due to auction of Cattle Mandi at deficit rate	1,100,000	-do-
31	TMA Jand		Irregular expenditure on account of purchase of sports items	1,032,000	-do-
32			Non receipt of additional performance security	2,066, ,000	-do-
33			Non-recovery of liquidated damages due to delay in completion of work	578,273	-do-
34			Non realization of Water Charges	515,000	Performance
35			Non reconciliation of account	64,110, ,000	Irregularity & non compliance
36			Non utilization of funds	13,807, ,000	-do-
37			Irregular expenditure without approved drawings	4,549,000	-do-
38			Wastage of local Govt. funds on daily wages staff	4,024,000	-do-
39	TMA, Pindigheb		Loss to TMA due to Non auction/ Self Collection of TMA property	858,425	Performance
40			Irregular award of work Non receipt of additional performance security	371,250	Irregularity & non compliance
41			Non recovery of shop rent	808,222	Performance
42			Un-authorized enhancement of work and overpayment	646,750	Irregularity & non compliance

Annexure-B

TMA of Attock District
Budget and Expenditure Statement for Financial Years 2013-2014

1. TMA, ATTOCK						Rs. in million
Financial Year 2013-2014						
Head	Budget	Expenditure	Excess / Savings	%age	Comments	
Salary	127.499	114.323	-13.176	-10	-	
Non Salary	85.601	69.34	-16.261	-19	-	
Development	131.748	97.422	-34.326	-26	-	
Total	344.848	281.085	63.763	18		
2. TMA, Fateh Jang						Rs. in million
Financial Year 2013-2014						
Head	Budget	Expenditure	Excess / Savings	%age	Comments	
Salary	165.394	53.721	-111.673	-68	-	
Non Salary	41.349	13.43	-27.919	-68	-	
Development	22.938	22.756	-0.182	-1	-	
Total	229.681	89.907	139.774	61		
3. TMA, Jand						Rs. in million
Financial Year 2013-2014						
Head	Budget	Expenditure	Excess / Savings	%age	Comments	
Salary	35.834	29.274	-6.56	-18	-	
Non Salary	26.7	16.614	-10.086	-38	-	
Development	96.94	53.814	-43.126	-44	-	
Total	159.474	99.702	59.772	37		
G.Total	734.003	470.694	263.309	36		

Annexure-C

Para 1.2.1.1

Sr. No.	Name of Scheme	Estimated Cost (Rs in million)
1	Construction of streets near house Shahzad UC Baryar	2.000
2	Construction of streets near house Majid UC 3	3.000
3	Construction of streets near house Awan Shareef UC 1	3.000
4	Construction of streets near mohallah samanadarabad UC 3	3.000
5	Construction of streets mohallah shahzad town UC 1	3.000
6	P/I drain system mohallah shah Faisalabad UC 3	5.000
7	Construction of streets UC 2	4.000
8	Construction of streets Dr Khalid Saeed UC 1	4.000
9	Construction of streets in jassian	5.000
10	Construction of streets UC 3	3.000
11	Providing of column pipe for tube well	0.800
12	Construction of streets UC 1 Attock	0.600
13	Construction of streets dgeri chohan	0.600
14	Construction of streets UC surag salar	0.500
	Total	37.500