



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

AUDIT YEAR 2015-16

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
AIR	Audit and Inspection Report
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
LG&CD	Local Government & Community Development
MFDAC	Memorandum for Department Accounts Committee
NAM	New Accounting Model
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCC	Plain Concrete Cement
PPRA	Punjab Procurement Regulatory Authority
PDG	Punjab District Government
PLGO	Punjab Local Government Ordinance
POL	Petrol, Oil and Lubricants
PFR	Punjab Financial Rules
PFC	Provincial Finance Commission
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
RCC	Reinforced Concrete Cement
RMR	Road Maintenance Register
SWMC	Solid Waste Management Cell
TO (F)	Tehsil Officer (Finance)
TO (I&S)	Tehsil Officer (Infrastructure & Services)
TO (P&C)	Tehsil Officer (Planning & Coordination)
TO (R)	Tehsil Officer (Regulations)

PREFACE

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

The Report is based on audit of the accounts of various offices of Tehsil Municipal Administrations of District Sialkot for the Financial Year 2014-15. The Directorate General of Audit, District Governments, Punjab (North), Lahore conducted audit during 2015-16 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of Rs 1.00 million or more. Relatively less significant issues are listed in the Annexure-A of the Audit Report. The Audit observations listed in the Annexure-A shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

The observations included in this Report have been finalized after discussion of Audit Paras with the management. However, no Departmental Accounts Committee 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:

(Imran Iqbal)
Acting-Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit (DGA), District Governments, Punjab (North), Lahore is responsible to carry out the Audit of Eighty One Tehsil / Town Municipal Administrations. Its Regional Directorate of Audit, Gujranwala has audit jurisdiction of twenty one TMAs of six Districts i.e Gujranwala, Gujrat, Hafizabad, Mandi Baha-ud-Din, Narowal and Sialkot.

The Regional Directorate had a human resource of seventeen officers and staff, total 4,757 man-days and the annual budget of Rs 25.20 million for the Financial Year 2015-16. It had the mandate to conduct Financial Attest, Regularity Audit and Compliance with Authority & Performance Audit of entire expenditure including programs/projects & receipts. Accordingly, Director General Audit, District Governments, Punjab (North), Lahore carried out Audit of accounts of four TMAs of District Sialkot for the Financial Year 2014-15.

Each Tehsil Municipal Administration in District Sialkot conducts its operations under Punjab Local Government Ordinance, 2001. Tehsil Municipal Officer is the Principal Accounting Officer (PAO) and acts as coordinating and administrative officer, responsible to control land use, its division and development and to enforce all laws including Municipal Laws, Rules and Bye-laws. The PLGO, 2001 requires the establishment of Tehsil / Town Local Fund and Public Account for which Annual Budget statement is authorized by the Tehsil / Town Nazim / Tehsil / Town Council / Administrator in the form of budgetary grants.

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

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

a. Scope of Audit

Out of four TMAs, three TMAs were audited. The expenditure TMAs of District Sialkot for the Financial Year 2014-15 under the jurisdiction of DG District Audit (N) Punjab was Rs 1461.44 million covering three PAO and three formations. Out of this, Directorate

General District Audit (N) Punjab audited expenditure of Rs 208.89 million which, in terms of percentage was 11% of the total auditable expenditure.

Total receipts of the Tehsil Municipal Administrations of District Sialkot for the Financial Year 2014-15 were Rs 177.27 million. The Directorate General Audit, Punjab (N) audited receipts of Rs 90.41 million which was 51% of total receipts.

b. Recoveries at the Instance of Audit

Recovery of Rs 123.18 million was pointed out during audit but no recovery was effected and verified during the year 2015-16 till the time of compilation of this report.

c. Audit Methodology

Audit was performed through understanding the business processes of TMAs with respect to functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment and the audited entity before starting field audit activity. Formations were selected for Audit according to risks analyzed. Audit was planned and executed accordingly

d. Audit Impact

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

e. Comments on Internal Controls and Internal Audit Department

Internal controls mechanism of TMAs of District Sialkot 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 TMAs of District Sialkot authorities may be captioned as one of important reasons for weak Internal Controls.

Section 115-A (1) of PLGO, 2001 empowers Town / Tehsil Administration to appoint an Internal Auditor but the same was not appointed in Tehsil Municipal Administration.

f. Key Audit Findings of the report

- i. Non production of record of Rs 2.63 million was noted in one cases¹
- ii. Non compliance of rules of Rs 212.14 million was noted in eleven cases²
- iii. Internal Controls Weakness of Rs 34.77 million was noted in four cases³
- iv. Non-realization of Government revenue of Rs 38.58 million was noted in six cases.⁴

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

¹Para: 1.3.1.1

²Para: 1.2.1.1, 1.2.1.2, 1.2.1.3,1.2.1.4,1.2.1.5,1.2.1.6, 1.3.2.1,1.3.2.2,1.3.2.3,1.3.2.4,1.3.2.5

³Para: 1.2.2.2, 1.2.2.3,1.3.3.1,1.3.3.3

⁴Para: 1.2.2.1, 1.2.2.4, 1.2.2.5, 1.2.2.6, 1.3.3.2,1.3.3.4

g. Recommendations

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

- i. Production of record to Audit for verification
- ii. Investigate cases involving wastage, fraud, misappropriation and losses, and take disciplinary actions after fixing responsibility
- iii. Strengthening of internal controls
- iv. Holding of DAC meetings well in time
- v. Expediting the recoveries pointed out by Audit as well as other amounts pointed out by Audit and conveyed to the management
- vi. Ensure compliance of relevant laws, rules, instructions and procedures, etc
- vii. Maintenance of accounts and record in prescribed format / manner
- xii. Addressing systemic issues to prevent recurrence of various omissions and commissions.

SUMMARY OF TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rs in million)

Sr. #	Description	Number	Budgeted Figure FY 2014-15		
			Expenditure	Receipts	Total
1	Total Entities (PAOs) under Audit Jurisdiction	04	2,232.46	236.54	2469.00
2	Total formations under Audit Jurisdiction	04	2,232.46	236.54	2469.00
3	Total Entities (PAOs) Audited	03	1,662.77	177.27	1840.04
4	Total Formations Audited	03	1,662.77	177.27	1840.04
5	Audit & Inspection Reports	03	1,662.77	177.27	1840.04
6	Special Audit Reports	--	--	-	-
7	Performance Audit Reports	--	--	-	-
8	Other Reports	--	--	-	-

Table 2: Audit Observations regarding Financial Management

(Rs in million)

Sr. #	Description	Amount under audit observation
1	Asset management	-
2	Financial management	-
3	Internal controls	73.35
4	Violation of rules	212.14
5	Others	2.63
Total		288.12

Table 3: Outcome Statistics

(Rs in million)

Sr. #	Description	Expenditure on Acquiring of Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last Year
1	Outlays Audited	-	541.74	177.27	1121.03	1840.04*	1850.69
2	Amount Placed Under Audit Observations/ Irregularities of Audit	-	12.34	114.58	161.21	288.12	168.56

Sr. #	Description	Expenditure on Acquiring of Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last Year
3	Recoveries Pointed out at the Instance of Audit	-	8.60	29.98	-	38.58	85.14
4	Recoveries Accepted / Established at the Instance of Audit	-	8.60	29.98	-	38.58	85.14
5	Recoveries Realized at the Instance of Audit	-	-	-	-	-	-

* The amount in serial No.1 column of “Total Current Year” is the sum of expenditure and receipts whereas the total expenditure for the current year was Rs 1662.77 million.

Table 4: Irregularities Pointed Out

(Rs in million)

Sr. #	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations, principle of propriety and probity in public operations.	212.14
2	Reported cases of fraud, embezzlement, theft and misuse of public resources.	-
3	Accounting Errors ¹ (accounting policy, departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	
4	Quantification of weaknesses of internal control systems.	34.77
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public money.	38.58
6	Non-production of record.	2.63
7	Others, including cases of accidents, negligence etc.	
Total		288.12

Table 5: Cost-Benefit

(Rs in millions)

Sr. #	Description	Amount
1	Outlays Audited (Items 1 of Table 3)	1,840.04
2	Expenditure on Audit	2.10
3	Recoveries realized at the instance of Audit	-
4	Cost Benefit Ratio	1:0

¹ The accounting Policies and procedures prescribed by the Auditor General of Pakistan.

CHAPTER-1

1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, DISTRICT SIALKOT

1.1.1 INTRODUCTION

TMA consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officers. Each TMA comprises five (5) Drawing & Disbursing Officers i.e. TMO, TO (Finance), TO (I&S), TO (Regulation) and TO (P&C). As per Section 54 of PLGO,2001 the main functions of TMAs are as follows;

- i. Prepare spatial plans for the Town including plans for land use, zoning and functions for which TMA is responsible.
- ii. Exercise control over land-use, land-subdivision, land development and zoning by public and private sectors for any purpose, including agriculture, industry, commerce markets, shopping and other employment centers, residential, recreation, parks, entertainment, passenger and transport freight and transit stations.
- iii. Enforce all municipal laws, rules and bye-laws governing TMA's functioning.
- iv. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils.
- v. Propose taxes, cesses, user fees, rates, rents, tolls, charges, surcharges, levies, fines and penalties under Part-III of the Second Schedule of PLGO and notify the same.
- vi. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties.
- vii. Manage properties, assets and funds vested in the Town Municipal Administration.
- viii. Develop and manage schemes, including site development in collaboration with District Government and Union Administration.
- ix. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice.

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

1.1.2 Comments on Budget and Accounts (Variance Analysis)

Total Budget of three TMAs selected for audit was Rs 1662.77 million (inclusive salary, non-salary and development) whereas, the expenditure incurred (inclusive salary, non-salary and development) was Rs 1461.44 million showing savings of Rs 201.33 million, which in terms of percentage, was 12% of the final budget (detailed below). Less utilization of development budget (19%) deprived the community from getting better municipal facilities.

(Rs in million)

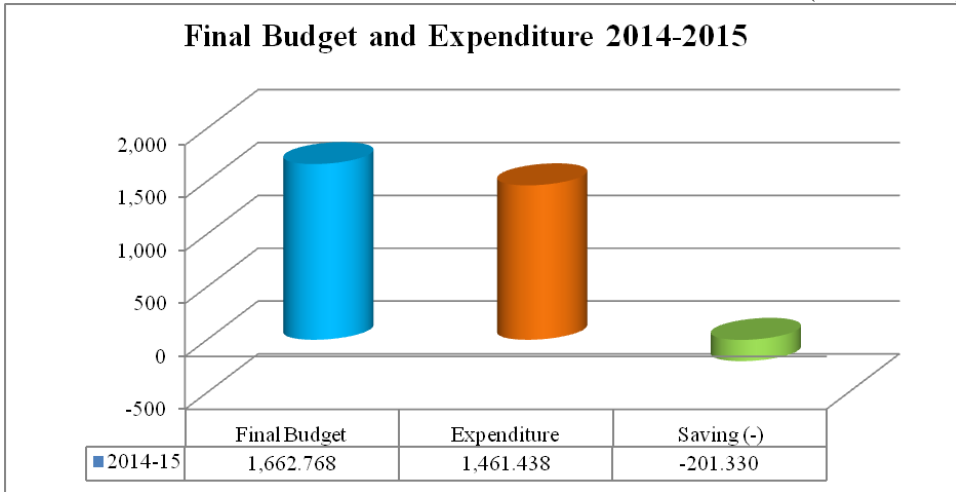
Financial Year 2014-15	Budget	Expenditure	(-) Saving	%age of saving
Salary	535.24	495.39	-39.85	07
Non-salary	475.82	438.04	-37.78	08
Development	651.71	528.01	-123.70	19
Total	1,662.77	1,461.44	-201.33	12

The budget outlays Rs 1662.77 million of three TMAs includes PFC award of Rs 238.02 million whereas total expenditure incurred by the TMAs during 2014-15 was Rs 1,461.44 million with a savings of (-) Rs 201.33 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 lesser need of injection of PFC award.

(Rs in million)

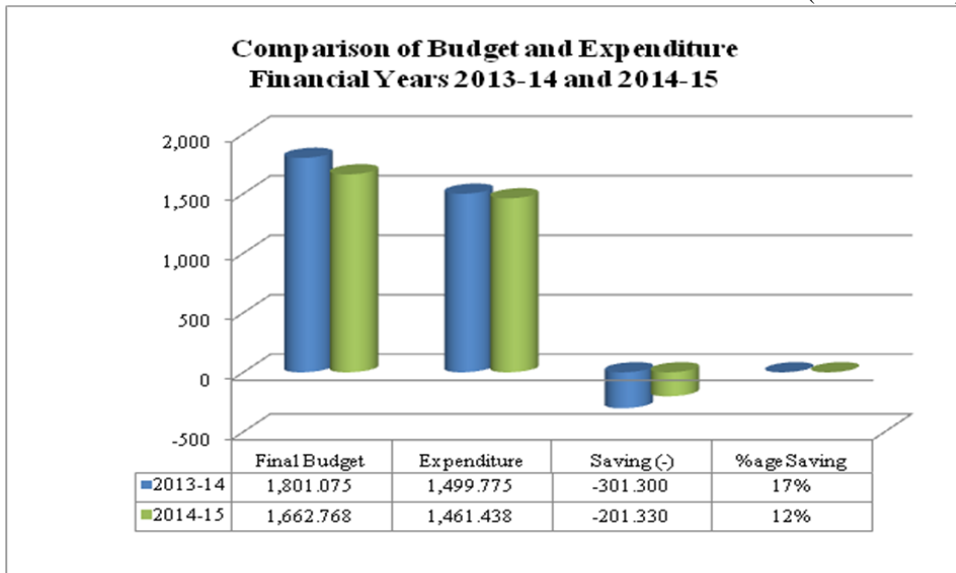
Name of TMAs	Budgeted Figure			Budgeted Outlay	Actual Expenditure	Saving	%age of Saving
	Own receipt including OB	PFC award	Total Receipts				
Sialkot	1180.26	4.25	1184.51	535.24	495.39	-39.85	7%
Pasrur	101.58	113.72	215.30	475.82	438.04	-37.78	8%
Daska	249.07	120.00	369.07	651.71	528.01	-123.70	19%
Total	1530.91	237.97	1768.88	1662.77	1461.44	-201.33	12%

(Rs in million)



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

(Rs in million)



There was savings in the budget allocation of the Financial Years 2013-14 and 2014-15 as follows:

(Rs in million)

Financial Year	Budget	Expenditure	(-) Saving	%age of Saving
2013-14	1801.08	1499.78	-301.30	17%
2014-15	1,662.77	1,461.44	-201.33	12%

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

1.1.3 Brief Comments on the Status of Compliance on MFDAC Paras of Audit Year 2015-16

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 Annexure-A.

1.1.4 Brief Comments on the Status of Compliance with PAC Directives

The audit reports pertaining to following years were submitted to the Governor of the Punjab:

Status of Previous Audit Reports

Sr. #.	Audit Year	No. of Paras	Status of PAC meetings
1	2009-10 to 2011-12	10	Not convened
2	2012-13	08	Not convened
3	2013-14	14	Not convened
4	2014-15	14	Not convened

1.2 AUDIT PARAS

1.2.1 TMA, SIALKOT

1.2.1 Irregularity / Non-compliance

1.2.1.1 Unjustified payment to Solid Waste Management company – Rs 93.29 million

According to clause 2 (n) and 9 (ix) of the contract agreement in between TMA Sialkot and SWMC, all audit reports of SWMC and audited accounts of SWMC shall be submitted to TMA by the SWMC within one month of the finalization and TMA Sialkot shall intimate the SWMC not later than 30th May of each year the amount proposed to be budgeted for transfer to the SWMC during the ensuing financial year.

TMA Sialkot transferred Rs 93.29 million to SWMC for repair of vehicles, POL charges and salary of the sanitation staff for the Financial Year 2014-15, but vouched accounts duly audited were not submitted to the TMA nor produced to audit for verification in violation to rules *ibid*. This resulted in unjustified payment of Rs 93.29 million.

The matter was reported to management but no response was received till the finalization of this report.

Audit holds that due to weak internal control the vouched accounts were not obtained from the SWMC.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

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

[AIR Para No.03]

1.2.1.2 Unauthorized payment made in advance without execution of work - Rs 46.49 million

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

TMA Sialkot made advance payment of Rs 46.49 million under various heads of accounts but after the laps of almost 11-12 years the amount has not been adjusted. This resulted in non-recovery of government dues as detailed in **Annexure-C**.

Audit holds that due weak internal control the advances were not adjusted.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing of responsibility against the person at fault and justification of advances under intimation to Audit.

[AIR Para No 10]

1.2.1.3 Non-transparent purchase of assets – Rs 18.57 million

According to Rule 36(b)(ix) of Punjab Procurement Rules 2009, the bid found to be the lowest evaluated bid shall be accepted.

TMA Sialkot, paid a sum of Rs 18.57 million for purchase of three truck chassis. Two envelop method of PPRA Rules was adopted for procurement of the said truck chassis. Only one supplier i.e Ravi Motors participated in tendering process. TMA authorities accepted the technical and financial bid of the only one supplier. Audit is of the view that the department purchased truck chassis without competitive bidding. Moreover, the assets were purchased without obtaining approval of the austerity committee. This resulted in non transparent purchase of assets amounting Rs 18.57 million.

Audit holds that weak internal control purchase of vehicles were made without observing PPRA rules

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing responsibility against the person at fault due to non transparent purchase..

[AIR Para No.14]

1.2.1.4 Non-maintenance of log books – Rs 15.54 million

As provided in Finance Department letter No FD(MR)M/W 1-4/92 dated 26-09-1992, if the entries in log book have not been made by the time of audit, the entries made and record produced afterward will not be accepted.

TMA Sialkot paid and allowed Rs 15.54 million on account of POL for Jeeps and machinery but the consumption was not entered in log book. In absence of log books, payment could not be verified and chances of misappropriation could not be ruled out as detailed below.

Sr. No.	Vehicle No.	Amount (Rs)
1	STG-1040	243,451
2	STR-1415	302,224
3	STG-1069	466,585
4	T-39	23,495
5	STM-7098	123,117
6	POL used for Wall Chalking	99,742
7	Tractor 41,43,53	1,218,214
8	POL use for Machinery	12,413,670
9	POL used for Street Light Vehicle	494,500
10	POL Generator	157,317
Total		15,542,315

Audit holds that due to weak internal control, the log book was not maintained.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing responsibility and preparation of log book, under intimation to Audit.

[AIR Para No 13]

1.2.1.5 Use of substandard bitumen without obtaining documentary evidence - Rs 8.04 million

According to clause of work order of different schemes, bitumen will be arranged himself by contractor from National Refinery Limited, Karachi and documentary proof to the engineer in-charge before release of payment against the work done.

TMA Sialkot made payment on account of TST/Carpeting for the Financial Year 2014-15 but the documentary evidences of bitumen used in the forthcoming schemes were not available in the record. This reflects that sub-standard bitumen was used violating above quoted government instructions as detailed below.

MB No.	Name of Schemes	Amount (Rs)
1713	const of metelled road bagowal	538,014
-	Reconstruction of Road Imam Sahib Haji Pura	878,448

MB No.	Name of Schemes	Amount (Rs)
126	Package Road City Area Patch Work	2,806,773
-	Reconstruction of Road Imam Sahib Haji Pura	878,448
1623	Melted road Delta CCBs	2,935,989
Total		8,037,672

Audit holds that due to non compliance of rules and weak financial management substandard bitumen was utilized.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing responsibility against the person at fault, and production of documentary evidence of used bitumen used, under intimation to Audit.

[AIR Para No.32]

1.2.1.6 Unauthorized payment without approval of the rate from the Chief Engineer (Highways) – Rs 6.62 million

According to Finance Department's letter No. RO (Tech) FD. 18-23/2004 dated 21st September, 2004, rate for item of carpeting shall be fixed and approved by the Chief Engineer concerned on the basis of different stages of bitumen i.e. 3% to 6% and payment will be made to the contractor as per job mix formula or bitumen used in the work.

TMA Sialkot made payment for plant premix bituminous carpeting under the following schemes item was executed and payment of Rs 6.62 million was made to the contractors without obtaining approval of rate for the item from the Chief Engineer (Highways) in violation of Government instructions as detailed below.

MB No.	Name of Scheme	Amount (Rs)
126	Package Road City Area Patch Work	2,806,773
-	Reconstruction of Road Imam Sahib Haji Pura	878,448
1623	Mettledroad Delta CCBs	2,935,989
Total		6,621,210

Audit holds that due to non compliance of rules approval was not obtained from the competent authority resulted in an unauthorized payment of Rs 6.62 million.

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

February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing responsibility against the person at fault, under intimation to Audit.

[AIR Para No.34]

1.2.2 Internal Control Weaknesses

1.2.2.1 Non-realization of arrears of water rate charges – Rs 22.16 million

According to Rule 76 of PDG and TMA (Budget) Rules, 2003 read with Section 18(2) of PLGO, 2001, 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 Sialkot failed to collect arrears of water rates amounting to Rs 22.16 million from the defaulters after the close of the financial year. No efforts were made nor any action initiated against the defaulters, to recover the outstanding amount. This resulted in loss to the government Rs 22.16 million.

Audit holds that due to weak internal control the arrears were not collected from the defaulters.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends early recovery besides fixing responsibility against the person at fault, under intimation to Audit.

[AIR Para No 01]

1.2.2.2 Non-transparent expenditure to avoid open competition by splitting indents –Rs 8.45 million

According to Rule 12(1) and 9 of Punjab Procurement Rules 2009, procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA from time to time. A procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the PPRA's website as well as on the website of the procuring agency in case the procuring agency has its own website.

TMA Sialkot incurred expenditure on various items of Rs 8.45 million by splitting the indents to avoid tendering procedure under PPRA rules. This resulted in non-transparent expenditure of Rs 8.45 million as detailed in (**Annexure-D**).

Audit holds that due to weak internal control, the expenditure was incurred without observing PPRA rules.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

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

[AIR Para No 39]

1.2.2.3 Likely misappropriation on account of purchase of assets – Rs 4.55 million

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

TMA Sialkot drew an amount of Rs 4.55 million from Government receipt account without any authority / justification and documentary evidence. Audit apprehends that government money was misappropriated.

Date	Description	Amount (Rs)
28-7-2014	Machinery	695,002
25-9-2014	Expenses incurred on Cattle Mandi	2,832,000
26-9-2014	Expenses incurred on Cattle Mandi	1,027,000
Total		4,554,002

Audit holds that due to weak internal control amount was drawn from receipts without any authority.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends justification of the expenditure after detailed inquiry, under intimation to Audit.

[AIR Para No 11]

1.2.2.4 Non-recovery of liquidated damages due to delay in completion of work – Rs 2.67 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 construction of contract. The contractor shall have to apply within one month for extension in time limit before the expiry of scheduled shall have to apply within one month for extension in time limit before the expiry of scheduled time of completion

TMA Sialkot awarded the following works to various contractors. The works could not be completed within stipulated time. The contractors did not apply for extension in time limit to the Engineer-in-charge. Neither any case for extension in time limit was processed nor penalty was imposed on the contractors on account of delay. This resulted in non-recovery of liquidated damages of Rs 2.67 million as detailed in **(Annexure-E)**.

Audit holds that due to weak internal controls penalty was not imposed on the defaulting contractors

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends imposition of penalty upon the defaulting contractors, under intimation to Audit.

[AIR Para No 25]

1.2.2.5 Loss due to less realization of rent of shops - Rs 1.17 million

According to Rule 4 (2) of Punjab Local Government (Property) Rules, 2003, the Manager shall be responsible to the Local Government for any loss, destruction or deterioration of the property, if such a loss, destruction or deterioration occurs as a result of his default or negligence in discharge of his responsibility.

TMA Sialkot, did not adopt the procedure of auction while letting out his owned shops nor made any rental agreement in order to make

gradual increase in the rent of the shops. Furthermore, it has been observed that the original tenants have sub let their shops and are earning more than that of TMA, as detailed below:

Name of Collecting Office	No. of Shops	Average Rent Realized Rs	Rent to be Realized (tendering process) Rs	Loss to Government Rs
TMA	20	10,000	30,000	400,000
-do-	96	2,000	10,000	768,000
Total				1,168,000

Audit holds that due to weak internal controls the rental income is not being realized properly.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends early auction of shops to avoid further loss of income, under intimation to Audit.

[AIR Para No 02]

1.2.2.6 Non-recovery of arrears of rent of shops- Rs 1.12 million

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

TMA Sialkot failed to recover Rs 1.12 million on account of rent of shops during 2014-15. Neither recovery was affected nor judicial action taken against the defaulters. This resulted in non-recovery of government dues as detailed in (**Annexure-F**).

Audit holds that due to weak internal controls the arrears were not collected from the defaulters

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends early recovery besides fixing responsibility against the person at fault, under intimation to Audit.

[AIR Para No 17]

1.3.1 TMA, PASRUR

1.3.1 Non Production of Records

1.3.1.1 Non production of record of Rs 2.63 million

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

TMA Pasrur, incurred an expenditure of Rs 2.63 million for various items, but supporting documents such as suppliers bill, quotations, comparative statements copy of advertisements and acknowledgment of payment was not produced for audit verification at the time of audit. As a result, Audit could not verify the authenticity and propriety of expenditure as detailed below:

Date	Particular	Contractor	Amount (Rs)
03.06.2014	Tentage for Ramzan Bazar	M. Nawaz	824,410
18.08.2014	Flexes for Ramzan Bazar	Dogar Cards House	37,400
28.08.2014	Tentage for youth festival	Khan Contractor	1,263,940
28.08.2014	Sports material for youth festival	Khan Contractor	508450
Total			2,634,200

Audit holds that due to weak internal controls and non compliance of rules record was not produced for verification.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends early production of record besides fixing responsibility against the person at fault, under intimation to Audit.

[AIR Para No 18]

1.3.2 Irregularity / Non-compliance

1.3.2.1 Unjustified payments to daily paid staff - Rs 12.12 million

As provided in clause 2 (vi) of Finance Department Government of the Punjab letter No.FD.SO(Goods)44-4/2011, dated 06.08.13 regarding austerity/ economy measures for the Financial Year 2013-14, no contingent paid staff shall be appointed without obtaining prior approval of Finance Department. Further, according to Clause-4 (VIII) (IV) of appointment policy issued by S&GAD Government of Punjab, Lahore vide letter No. DS(O&M) 5-3-2004 Contract (MF), dated 20th December, 2004 that recruitment policy, 2004 does not allow appointment of any person without advertisement and in violation of any procedural formalities laid down in the policy and as per Wage Rate, 2007 the appointment to a post included in the schedule shall be advertised properly in leading newspapers and recruitment to all posts in the Schedule shall be made on the basis of merits specified for regular establishment vide para 11 of the Recruitment Policy issued by the S&GAD vide No. SOR-IV(S&GAD)10-1/2003, dated 17.09.2004.

TMA Pasrur paid Rs12.12 million on account of salaries to daily wages staff without observing the codal formalities. Furthermore, approval of Finance Department was also not obtained. This resulted in undue favour given to daily wages staff and unjustified expenditure was incurred as detailed below:-

Name of Branch	Working Strength	Period	Total (Rs)
Chief Officer (HQ)	96	July 2014 to June 2015	12,116,400

Audit holds that due to non compliance of rules, daily wagers were appointed.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends investigation of the matter besides fixing responsibility under intimation to Audit.

[AIR Para No 11]

1.3.2.2 Likely misappropriation on account of POL Rs 3.92 million

According to rule 29 of the PLG (Accounts) Rules, 2001, “every DDO signing and authorizing the payment shall be personally responsible for any erroneous payment and claim of bill.

TMA Pasrur, incurred an expenditure of Rs 7.81 million on account of POL for different Vehicles, generators and peter engines as per expenditure statements for the Financial Year 2014-15 but when this expenditure was got reconciled with the month wise POL consumption, it was observed that actual expenditure on POL was Rs 3.87 million. This resulted in excess expenditure of Rs 3.92 million.

Amount incurred as per Expenditure Statement	Amount incurred as per Month wise consumption Statement (Rs)	Difference (Rs)
7,810,205	3,886,039	3,924,166

Audit is of the view that the excess expenditure amount has been misappropriated which should be investigated.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing responsibility against the person at fault after detailed inquiry, under intimation to Audit.

[AIR Para No 13]

1.3.2.3 Doubtful consumption of POL Rs 3.76 million

According to rule 64 of PDG & TMA (Budget), Rules, 2003, each Local Govt. shall manage the resources made available to it efficiently and effectively.

TMA Pasrur incurred the expenditure of Rs 3.76 million on account of POL for different vehicles during the Financial Year 2014-15. Followings irregularities were noticed in this connection:

- i. Average Consumption per liter neither written on the log books nor anycertificate was shown to audit.
- ii. Millage meters of the vehicles were out of order and consumption was recorded on estimated basis due to this authenticity of POL consumption could not be measured.

- iii. There was no proper plan prepared for lifting the garbage for efficient utilization of vehicles and saving the expenditure on POL.
- iv. Incomplete detail of journey was shown in the log book such as garbage lifting or encharochment checking etc.
- v. Approved tour programme of officers was not available.

Vehicle No.	Petrol Drawn During the year	Vehicle No.	Petrol Drawn During the year (Rs)
STJ-1003 Tractor	271,896	STJ-5987 Tractor	266,799
STJ-1004 Tractor	252,395	Sucker Machine	501,953
STJ-1005 Tractor	461,358	Fire Brigade	166,363
STJ-1006 Tractor	232,196	STM 9400 CAR	363,539
STJ-1007 Tractor	266,360	STG-3700 CAR	328,855
MF-260	331,856	STB-696	316.117
Total			3,759,684

In the absence of maintenance of proper record, the consumption of POL could not be verified & appeared doubtful as detailed below:-

Audit holds that due to non compliance of rules and weak internal controls POL was consumed irregularly

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit suggests that investigation of the amount shown as incurred on the purchase of POL may be made and amount involved may please be recovered from the responsible, under intimation to Audit.

[AIR Para No 12]

1.3.2.4 Irregular expenditure for conducting youth festival – Rs 2.11 million

According to PPRA's Rules, 12(1) 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. Further According to PPRA's Rules, 9 a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

TMA Pasrur incurred an expenditure of Rs 2.11 million for conducting youth festival during Financial Year 2014-15 by calling the quotations instead of tenders advertising in print media and PPRA website. Further the TMA Pasrur splitting the expenditure to avoid the prescribed manner of PPRA, resultantly economical rates were not achieved and government had to pay more than the actual expenditure due to non competition as detailed below:-

Date	Particular	Contractor	Amount (Rs)
28.08.2014	Flexes for youth festival	Khan Contractor	338,016
28.08.2014	Tent age for youth festival	Khan Contractor	1,263,940
28.08.2014	Sports material for youth festival	Khan Contractor	508450
Total			2,110,406

Audit holds that due to non compliance of rules irregular expenditure was incurred.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing of responsibility for non-observing of PPRA procedures under intimation to Audit.

[AIR Para No 08]

1.3.2.5 Unjustified payment without TS estimate Rs 1.69 million

According to Para-2.20 of B&R Code, the divisional officer shall get the estimate sanctioned, will then order the immediate execution of the work.

TO (I&S), TMA Pasrur, paid 2nd / running contractor bill Rs 1.69 million to M/s Islam uddin & Co. for the Providing and laying tuff tiles main Bazaar Sokin wind without technically sanctioned estimate. The estimate having the non scheduled items and need to be Technically Sanctioned by Chief Engineer LG/&CD which was not carried out. Rate analysis of non scheduled items were also not prepared and approved.

Audit holds that due to weak internal controls the non schedule items were not approved from the competent authority.

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

February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit stresses justification of the matter and fixing of responsibility upon the person at fault, under intimation to Audit.

[AIR Para No.25]

1.3.3 Internal Control Weaknesses

1.3.3.1 Wasteful expenditure on development scheme – Rs 14.92

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.

TMA Pasrur, awarded the various works and released the funds Rs 14.92 million to various government contractors. After the lapse of considerable time the works could not be completed due to which incomplete schemes are deteriorating and losing their values day by day.

Audit was of the view that non completion of schemes in time shows weak monitoring and internal controls of the department and deprived the community from economic benefit.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends recovery of penalty besides fixing of responsibility for delay in completion of work, under intimation to Audit.

[AIR Para No 02]

1.3.3.2 Non-realization of arrear of water rates charges - Rs 7.93 million

According to Rule 76 of PDG and TMA (Budget) Rules, 2003 read with Section 18(2) of PLGO, 2001, 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 Pasrur, failed to collect arrears of water rates of Rs 7.93 million from the defaulters after the close of the financial year. No efforts were made and nor any action initiated against the defaulters, to recover the outstanding amount. This resulted in loss to the government of Rs 7.93 million.

Name of Unit	Description	Budget Estimate 2014-15 (Rs)	Actual Receipts (Rs)	Shortage (Rs)
TMA Pasrur	Water Rate Arrear	8,500,000	7,926,231	573,769

Name of Unit	Description	Budget Estimate 2014-15 (Rs)	Actual Receipts (Rs)	Shortage (Rs)
CO Unit Chawinda	Water Rate Arrear	11,170,414	4,237,418	6,932,996
CO Unit Kalaswala	Water Rate Arrear	1,130,000	1,130,000	424,511
Total				7,931,276

Audit holds that due to weak internal controls arrears were not recovered.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends early recovery of arrears besides fixing responsibility against the person at fault, under intimation to Audit.

[AIR Para No 15]

1.3.3.3 Overpayment made to contractor – Rs 6.85 million

According clause 18(a) & (b) the contractor shall employ for each contract up to the value of Rs 7.5 million, one whole time qualified diploma engineer to the satisfaction of the Engineer-Incharge for the supervision of the work. If the contractor fails to employ the qualified technical personnel to the above scale, the Engineer-in-charge shall, after giving the contractor 15 days notice to this effect, have the option to employ to make up the deficiency in the number of such persons at the risk and cost of the contractor.

TMA Pasrur, executed 183 works schemes but did not obtained any evidence from the contractor to confirm the appointment of site engineer during the Financial Year 2014-15 but neither Engineer-in-charge issued any notice to the contractors nor any contractor employed whole time diploma holder. TMA Pasrur did not deduct the salary of one diploma holder engineer while the payment made to the contractors resultantly over payment made to the contractor of Rs 6.85 million as detailed below.

Description	Number of Schemes	Total Amount (Rs)	Detail of Calculation is attached assuming that one month salary of Diploma Holder was 10,000 per month
Annual Development Programme TMA Pasrur District Sialkot for the year 2014-15	183	6,850,000	

Audit holds that due to weak internal controls the diploma engineer was not employed by the management.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends fixing of responsibility and recovery, under intimation to Audit.

[AIR Para No 03]

1.3.3.4 Loss due to non-imposition of penalty – Rs 3.53million

According to clause 39(a) of contract agreement stipulates that the time allowed for carrying out the work as entered in the tender shall be strictly observed by the contractor, the contractor shall pay as compensation an amount equal to one percent of the amount of the contract subject to maximum of ten percent or such smaller amount of the estimated cost for every day the work remains un-commenced and unfinished after the proper date.

TMA, Pasrur awarded the different works to various Government contractors. The works could not be completed within stipulated time. The contractors did not apply for extension in time limit to the Engineer-in-charge. Neither any case for extension in time limit was processed nor was penalty imposed on the contractors on account of delay. This resulted in non-recovery 10% penalty amounting Rs 3.53 million. Detailed as per ADP statement 2014-15.

Audit is of the view that non imposition of penalty for delay in completion and non completion of work at all was due to defective financial discipline and weak internal controls.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit recommends recovery of penalty besides fixing of responsibility for non imposition of penalty for delay in completion of work, under intimation to Audit.

[AIR Para No 01]

1.4.1 TMA, DASKA

1.4.1 Non Production of Record

1.4.1.1 Non-production of record due to burnt on daska incident

According to Section 14(1)(b) & (3) 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 and any person or authority hindering the auditorial functions of Auditor General regarding the inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Disciplinary Rules, applicable to such person.

TMA Daska did not produce the record for the Financial Year 2014-15 beside memo No. RDA/GRW/Audit 2014-15/CD-01, 11 dated 04-01-2016 and 21-1-2016. Further as per FIR No.53235 dated 25-05-2015 and written statement of TMO Daska vide letter No. TMA/D-16/415 dated 19-01-2016 the total record has been burnt on Daska incidence. Moreover as per Govt. of the Punjab Local Govt. and Community Development Department letter No. S.O. Admn-I (LG) 2-52/15 dated 22.07.2015, Secretary LG & CD approved the constitution of record building committee for rebuilding of record of TMA Daska. Results of departmental enquiry were not found on record.

Audit holds that due to weak internal controls record after 25.05.2016 was not produced for audit verification.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit requires investigation besides submission of record under intimation to Audit.

[AIR Para No 01]

1.4.1.2 Non-maintenance of record by Tehsil Accounts Officer

As per section 3 (iv) of Government of the Punjab, Finance Department letter No.FD(FR)II-5/82(P) dated 30-06-2009, once the bill/claim is pre-audited, it shall be authorized for payment by the Tehsil

Accounts Officer (TAO). The TAO shall be responsible for the safe custody of the paid bills/ vouchers. However, the DDO shall retain the duplicate copy of the paid voucher and supporting documents for annual audit and record. According to Section 14(1)(b) & (3) 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 and any person or authority hindering the auditorial functions of Auditor General regarding the inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Disciplinary Rules, applicable to such person.

Tehsil Accounts officer of TMA Daska pre-audited and authorized payments but did not maintain the original vouched accounts therefore not produced for audit verification in violation of above rule.

The observation was discussed with the management but no reply was submitted. Afterwards, the matter was reported to TMO/PAO in February, 2016. However, no reply was furnished by the TMA and DAC meeting was also not convened till finalization of this Report.

Audit requires investigation besides submission of record.

[AIR Para No 02]

ANNEXURES

PART-I
Memorandum for Departmental Accounts Committee
Paras Pertaining to Current Audit Year 2015-16

Sr. #	Name of Formations	AIR para#	Description of Para	Amount (Rs)	Nature of Paras
1.	TMA, Sialkot	04	Unauthorized expenditure on TA/DA	105,600	Internal Controls Weakness
2.		05	Non-transparent Expenditure due to Non-advertisement on PPRA Website	1.880 million	Non Compliance of rules
3.		06	Non reconciliation of TTIP Income	205.992 million	Internal Controls Weakness
4.		07	Wrong classification of expenditure	876.620 million	Internal Controls Weakness
5.		08	Non Recovery Tender Form Fee	330,116	Internal Controls Weakness
6.		09	Unauthentic Govt. receipt due to non-conducting of survey	10.109 million	Internal Controls Weakness
7.		12	Non-production of Record	0	Internal Controls Weakness
8.		15	Unauthorized Refund of Earnest Money	500,000	Internal Controls Weakness
9.		16	Loss due to Less Recovery of Parking Fee	499,597	Internal Controls Weakness
10.		18	Excess payment on account of Rates	432,110	Internal Controls Weakness
11.		19	Overpayment on account of Lane Marking	631,889	Internal Controls Weakness
12.		20	Unauthorized Purchase of Uniform	335,469	Non Compliance of rules
13.		21	Unauthorized Purchase of Transformers	775,000	Non Compliance of rules
14.		22	Excess payment on account of Quantity Executed over and above of TS Estimates	303,148	Internal Controls Weakness
15.		23	Excess payment on account of Removal of Malba	207,689	Internal Controls Weakness
16.		24	Loss due to non-use of dismantled material	170,461	Internal Controls Weakness
17.		26	Un-authorized expenditure on account of non schedule item	395,900	Non Compliance of rules
18.		27	Unjustified expenditure on Mineral Water	160,000	Internal Controls Weakness

Sr. #	Name of Formations	AIR para#	Description of Para	Amount (Rs)	Nature of Paras	
19.		28	Unjustified Expenditure on hiring of Chairs	222,035	Internal Controls Weakness	
20.		29	Loss of Revenue due to non - deduction of GST	39,967	Internal Controls Weakness	
21.		30	Un-authorized Purchase of Plants	1.254 million	Internal Controls Weakness	
22.		31	Unjustified Payment of Contractor's Profit Recovery thereof	527,000	Internal Controls Weakness	
23.		33	Non Deduction on Account of Price Variation on Diesel	198,675	Internal Controls Weakness	
24.		35	Non deduction of shrinkage from earth-filling	51,920	Internal Controls Weakness	
25.		36	Loss to Government due excess usage of POL	222,285	Internal Controls Weakness	
26.		37	Award of work without depositing performance security from the contractor	1.296 million	Non Compliance of rules	
27.		38	Irregular Payment of Salaries on Account of Contingent Paid Staff	30.0 million	Non Compliance of rules	
28.		40	Unauthorized Repair of Transformers	952,062	Internal Controls Weakness	
29.		41	Loss to the government due to less realization of receipts than targets	5.937 million	Internal Controls Weakness	
30.		42	Wasteful expenditure on Regulations Branch	9.06 million	Internal Controls Weakness	
31.		43	Loss to Government due to unjustified payment on account of desilting of Nallahs	1.30 million	Internal Controls Weakness	
32.		44	Overpayment on account of printing of Water Bills	165,720	Internal Controls Weakness	
33.		45	Unjustified Payment on account of Earth work and Transportation	1.098 million	Internal Controls Weakness	
34.		TMA, Pasrur	04	Non imposition of penalty due to non submission of programme	2.092 million	Internal Controls Weakness
35.			05	Irregular Expenditure on account of cheques distribution ceremonies for flood affected persons	867,630	Internal Controls Weakness
36.			06	Irregular Expenditure on account of filtration plant	596,800	Internal Controls Weakness
37.			07	Un-authorized Purchase of Plants	1.254 million	Internal Controls Weakness

Sr. #	Name of Formations	AIR para#	Description of Para	Amount (Rs)	Nature of Paras
38.		09	Irregular expenditure on repair of transformer	704,267	Internal Controls Weakness
39.		10	Purchased material not taken on the stock after use	1.057 million	Internal Controls Weakness
40.		14	Unjustified drawl 30% in lieu of pension allowance	188799	Internal Controls Weakness
41.		16	Poor performance due less collection of revenue than budgeted	1.602 million	Internal Controls Weakness
42.		17	Non recovery of House Building Advance	1.298million	Internal Controls Weakness
43.		19	Bogus drawl of POL	50,625	Internal Controls Weakness
44.		20	Loss to Govt. by Less collection of Conversion fee	92,000	Internal Controls Weakness
45.		21	Loss to Govt. due to Not Collection of Govt. Receipt	855,000	Internal Controls Weakness
46.		22	Loss to Govt. by less collection of conversion fee	10.0 million	Internal Controls Weakness
47.		23	Loss to Govt. by Not collection of receipts.	40.0 million	Internal Controls Weakness
48.		24	Overpayment to the contractor	32,663	Internal Controls Weakness
49.		26	Unjustified payment of tuff tile without test reports	824,029	Internal Controls Weakness
50.		27	Unjustified payment	777,988	Internal Controls Weakness
51.		28	Unjustified payment to the contractor	219,280	Internal Controls Weakness
52.		29	Non-conducting of annual physical verification	0	Internal Controls Weakness

PART-II

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

Sr. #	Name of Formations	AIR Para No.	Description of Para	Amount (Rs)	Nature of Paras
1.	TMA, Sialkot	01	Non-production of record:	0	Internal Controls Weakness
2.		02	Likely misappropriation through quotations	22,500,000	Internal Controls Weakness
3.		03	Non-deduction of harrow sand	49,983	Internal Controls Weakness
4.		05	Doubtful expenditure on main hole repairs.	79,600	Internal Controls Weakness
5.		22	Loss to government due to less reserve price	95,000	Internal Controls Weakness
6.	TMA, Pasrur	02	Recovery on account of non reduction of Steel bars .	88,376	Internal Controls Weakness
7.		04	Non-recovery of performance securities	1,739,000	Internal Controls Weakness
8.		06	Non-recovery of commercialization fee	495,080	Internal Controls Weakness
9.		07	Non-deduction of harrow sand.	206,646	Internal Controls Weakness
10.		08	Non allocation of funds for CCBs	32,236,000	Internal Controls Weakness
11.		09	Non-collection of Professional Tax from contractors	352,000	Internal Controls Weakness
12.		10	Non-recovery of contractor renewal fee	220,000	Internal Controls Weakness
13.		11	Loss to Government on account of commercialization/conversion fees.	0	Internal Controls Weakness
14.		12	Non-deduction of Income Tax	268,121	Internal Controls Weakness
15.		14	Non-recovery of rent of shops	32,850	Internal Controls Weakness
16.		15	Non-preparation of Annual Accounts and non-preparation of monthly expenditure/receipt statement	0	Internal Controls Weakness
17.		16	Irregular generation of liabilities	61,301,000	Internal Controls Weakness
18.		04	Non-recovery of building fee	170,000	Internal Controls Weakness
19.		05	Non-deduction of harrow sand.	592,005	Internal Controls Weakness

Sr. #	Name of Formations	AIR Para No.	Description of Para	Amount (Rs)	Nature of Paras
20.	TMA, Daska	06	Non-disposal of vehicle	500,000	Internal Controls Weakness
21.		07	Non-allocation of funds for CCBs	59,535,000	Internal Controls Weakness
22.		08	Non-collection of Professional Tax from contractors	968,000	Internal Controls Weakness
23.		09	Non-recovery of contractor renewal fee	461,000	Internal Controls Weakness
24.		10	Loss to Government on account of commercialization/conversion fees	0	Internal Controls Weakness
25.		11	Non-deduction of Income Tax .	206,400	Internal Controls Weakness
26.		12	Less Collection from Ada Parking Fee	425,392	Internal Controls Weakness
27.		13	Non recovery of water rate charges	461,622	Internal Controls Weakness
28.		14	Doubtful expenditure on Youth Festival	142,190	Internal Controls Weakness
29.		15	Doubtful payment of POL of Fire Brigade and Disposal Branch	417,213	Internal Controls Weakness
30.		16	Irregular generation of liabilities	13,431,00	Internal Controls Weakness
31.		17	Unauthorized drawl of POL for generator	38,760	Internal Controls Weakness

Annexure-B

**TMA of Sialkot District
Budget and Expenditure Statement
Financial Year 2014-15**

TMA, Sialkot

(Rs in million)

F.Y. 2014-15	Budget	Expenditure	Excess (+) / Saving (-)	%age Saving
Salary	376.88	348.76	-28.11	7
Non-salary	324.97	307.78	-17.19	5
Development	297.75	220.08	-77.68	26
Total	999.59	876.62	-122.97	12

TMA, Pasrur

F.Y. 2014-15	Budget	Expenditure	Excess (+) / Saving (-)	%age Saving
Salary	65.18	53.57	-11.61	18
Non-salary	101.300	81.47	-19.83	20
Development	173.41	127.43	-45.98	27
Total	339.89	262.47	-77.42	23

TMA, Daska

F.Y. 2014-15	Budget	Expenditure	Excess (+) / Saving (-)	%age Saving
Salary	93.18	93.05	-0.13	0
Non-salary	49.56	48.79	-0.77	2
Development	180.55	180.51	-0.04	0
Total	323.29	322.35	-0.94	0

GRAND TOTAL	1,662.768	1,461.44	-201.33	12
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Annexure-C

Para 1.2.1.2

Unauthorized Payment made in Advance without Execution of Work- Rs46.49 million

Date	Description	Amount (Rs)	Date	Description	Amount (Rs)
17-8-2004	Books	50,000	30-8-2010	GEPCO	5,800
24-01-2004	Jeeps	1,356,000	30-8-2010	GEPCO	10,000
31-07-2004	Car	1,524,000	19-10-2010	Publication	6,956
30-12-2004	Tractor	339,000	19-10-2010	GEPCO	230,174
10/1/2005	Advertisement	25,000	23-11-2010	GEPCO	10,000
30-4-2005	Advertisement	25,000	23-11-2010	GEPCO	8,400
11/5/2005	Repair of Transformer	2,000	23-11-2010	GEPCO	10,000
6/5/2005	Advertisement	10,000	4/1/2011	GEPCO	10,000
22-12-2005	Repair of Vehicles	11,550	21-2-2011	GEPCO	10,000
30-6-2005	Advertisement	50,000	16-7-2011	Publication	10,434
29-6-2005	Advertisement	118,252	16-7-2011	Publication	6,956
29-6-2005	Sui Gas	3,000	27-9-2011	GEPCO	276,312
1/3/2006	For Transformers	93,497	27-9-2011	SuiGas	443,678
1/3/2006	Sui Gas	3,000	30-11-2011	GEPCO	317,229
18-7-2006	GEPCO	7,000	18-2-2012	GEPCO	584,560
7/11/2006	GEPCO	5,450	27-3-2012	GEPCO	83,119
20-11-2006	GEPCO	5,450	12/4/2012	Advertisement	3,478
15-8-2007	GEPCO	5,700	19-6-12	GEPCO	101,811
15-8-2007	Suzuki Motors	2,378,000	14-6-2012	GEPCO	18,750
15-8-2007	Suzuki Motors	32,000	8/1/2013	GEPCO	5,220
15-8-2007	Farooq Motors	649,000	19-6-2013	Registration	133,800
27-12-2006	Freight Charges	11,000	26-6-2013	GEPCO	396,000
10/3/2007	GEPCO	3,770	26-6-2013	PTCL	3,000,500
10/3/2007	GEPCO	3,770	29-3-2013	GEPCO	10,935
10/3/2007	Registration Dala	8,000	16-4-2013	GEPCO	6,440
26-3-2007	Registration Jeep	22,300	28-5-2013	GEPCO	1,291,035
26-3-2007	Transformer	57,674	12/7/2013	Registration	82,500
2/6/2007	Suzuki Motors	595,000	27-1-2014	GEPCO	15,849
2/6/2007	Freight Charges	8,000	27-1-2014	GEPCO	264,000
30-6-2007	GEPCO	2,550	17-1-2014	YouthFestival	950,050
30-6-2007	GEPCO	5,700	10/2/2014	Railway	195,050
24-7-2007	registration	12,690	13-2-2014	GEPCO	18,801
4/9/2007	Millat Tractors	1,934,970	2/6/2014	GEPCO	18,920
26-10-2007	GEPCO	736,000	9/6/2014	GEPCO	407,210
5/10/2007	GEPCO	723,700	24-6-2014	GEPCO	20,000
5/10/2007	GEPCO	224,165	14-7-2014	PCRWR	150,400
2/7/2008	GEPCO	2,500	14-7-2014	PCRWR	38,400
2/7/2008	GEPCO	6,000	16-9-2014	GEPCO	5,000
2/7/2008	GEPCO	17,477	16-12-2014	Millat Tractors	2,350,000
2/7/2008	GEPCO	10,005	16-12-2014	Philips	1,918,350
2/7/2008	GEPCO	6,400	30-12-2014	GEPCO	10,000
2/7/2008	GEPCO	2,882	21-1-2015	TO(I&S)	59,300
14-1-2009	Publication	3,478	17-3-2015	TO(I&S)	22,969
14-1-2009	GEPCO	963,500	18-3-2015	WaterTanks	275,200
31-3-2009	GEPCO	937,900	23-3-2015	TO(I&S)	385,500
13-4-2009	TO (F)	50,000	9/6/2015	TO(I&S)	18,570,000
13-5-2009	GEPCO	135,304	22-6-2015	Transformer	156,980
11/5/2010	GEPCO	3,772	19-5-2015	TO(I&S)	387,500
11/5/2010	GEPCO	10,000			
Total		13,191,406			33,293,566
Grand Total					46,484,972

Annexure-D**Para 1.2.2.2****Non-transparent Expenditure to Avoid Open Competition by Splitting Indents**

Date	Description	Amount (Rs)
12/9/2014	Repair of Tube well	35,000
12/9/2014	Repair of Tube well	75,000
Sub Total		110,000
15-9-14	Sand	25,000
15-9-14	Sand	95,000
15-9-14	Sand	95,000
15-9-14	Sand	95,000
15-9-14	Sand	95,000
6/9/2014	Sand	95,000
11/11/2014	Sand	95,000
11/11/2014	Sand	95,000
11/11/2014	Sand	95,000
11/11/2014	Sand	95,000
Sub Total		880,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	99,000
26-08-14	Desilting of Nallah	13,000
25-10-14	Desilting of Nallah	99,000
25-10-14	Desilting of Nallah	99,000
25-10-14	Desilting of Nallah	99,000
1/11/2014	Desilting of Nallah	99,000
1/11/2014	Desilting of Nallah	99,000
1/11/2014	Desilting of Nallah	99,000
Sub Total		1,300,000
25-10-14	MS Pipe 12" Dia	90,000
25-10-14	MS Pipe 12" Dia	50,000
25-10-14	MS Pipe 12" Dia	99,000
Sub Total		239,000
20-11-14	Hiring of CCTV Camera	81,500
20-11-14	Hiring of CCTV Camera	81,360
20-11-14	Hiring of CCTV Camera	41,750
20-11-14	Hiring of CCTV Camera	81,500
20-11-14	Hiring of CCTV Camera	81,500
20-11-14	Hiring of CCTV Camera	81,500
20-11-14	Hiring of CCTV Camera	81,500

Date	Description	Amount (Rs)
20-11-14	Hiring of CCTV Camera	81,500
26-09-14	Providing boards for Traffic Signals	49,800
26-09-14	Providing boards for Traffic Signals	99,600
26-09-14	Providing boards for Traffic Signals	44,000
26-09-14	Providing boards for Traffic Signals	99,600
4/9/2014	Providing boards for Traffic Signals	99,600
26-09-14	Providing boards for Traffic Signals	44,000
Sub Total		1,048,710
10/10/2014	Provision of Lime	70,000
10/10/2014	Provision of Lime	77,000
10/10/2014	Provision of Lime	66,500
Sub Total		213,500
11/11/2014	Sand	95,000
11/11/2014	Sand	95,000
11/11/2014	Sand	95,000
11/11/2014	Sand	95,000
Sub Total		380,000
16-11-14	Tentage	72,225
25-11-14	Tentage	96,670
28-11-14	Tentage	53,140
Sub Total		222,035
18-12-14	tuff tiles	88,000
1/12/2014	tuff tiles	98,555
Sub Total		186,555
30-6-15	flood lights	65,500
30-6-15	flood lights	99,900
Sub Total		165,400
24-04-15	Repair of manholes at Damri Wala Kho, Shareef Street Fateh Ghar	99,000
15-04-15	Repair of manholes	97,000
13-04-15	Provision of manholes	98,800
29-04-15	Repair of manholes	48,500
Sub Total		343,300
12/2/2015	P/F Tuff Tiles	99,600
12/2/2015	P/F Tuff Tiles	99,900
12/2/2015	P/F Tuff Tiles	98,867
12/2/2015	P/F Tuff Tiles	99,900
12/2/2015	P/F Tuff Tiles	99,800
Sub Total		498,067
14-9-2015	Hiring of Excavator	99,000
14-9-2015	Hiring of Excavator	99,000
14-9-2015	Hiring of Excavator	99,000
14-9-2015	Hiring of Excavator	99,000
14-9-2015	Hiring of Excavator	99,000
14-9-2015	Hiring of Excavator	99,000
Sub Total		594,000

Date	Description	Amount (Rs)
19-02-15	Repair of Bun Road Nallah Aik near Factory Chand Furniture House	99,500
19-02-15	Repair of Bun Road Nallah Aik near Madrisa / Masjid	99,500
Sub Total		199,000
12/2/2015	P/F Tuff Tiles near malik bilal Gene. Store cheema street model town	99,900
12/2/2015	P/F Tuff Tiles remaining portion cheema street model town	98,867
12/2/2015	P/F Tuff Tiles malik shop cheema street model town	99,600
12/2/2015	P/F Tuff Tiles near taqwa school cheema street model town	99,980
12/2/2015	P/F Tuff Tiles near rana m. shafique, cheema street model town	99,800
Sub Total		498,147
26-12-14	Earth Filling JavedButt, U/C Haji Pura	99200
26-12-14	Earth Filling Street Qila Mathai Wali, Mohallah, U/C Fateh Garh	99600
26-12-14	Earth Filling in Street Billa Mithai Wala U/C Fateh Garh	98600
Sub Total		297400
25-03-15	P/E Information boards	67,585
25-03-15	P/E Information boards	67,585
26-05-15	P/E Information boards	68,700
27-05-15	P/E Information boards	68,700
27-05-15	P/E Information boards	68,700
27-05-15	P/E Information boards	68,700
27-05-15	P/E Information boards	68,700
27-05-15	P/E Information boards	68,700
27-05-15	P/E Information boards	68,700
27-05-15	P/E Information boards	68,700
Sub Total		616,070
1/9/2014	Celebration of Independence Day	93,000
27-08-14	Celebration of Independence Day	20,000
27-08-14	Celebration of Independence Day	19,500
27-08-14	Celebration of Independence Day	24,500
27-08-14	Celebration of Independence Day	7,200
27-08-14	Celebration of Independence Day	15,000
27-08-14	Celebration of Independence Day	74,250
27-08-14	Celebration of Independence Day	39,000
27-08-14	Celebration of Independence Day	65,500
15-09-14	Celebration of Defence Day	20,000
15-09-14	Celebration of Defence Day	7,500
15-09-14	Celebration of Defence Day	18,500
15-09-14	Celebration of Defence Day	24,500
21-8-14	Celebration of Independence Day	24,900
21-8-14	Celebration of Independence Day	5,690

Date	Description	Amount (Rs)
21-8-14	Celebration of Independence Day	22,750
21-08-14	Celebration of Independence Day	24,000
25-08-14	Celebration of Independence Day	17,700
25-08-14	Celebration of Independence Day	7,625
25-08-14	Celebration of Independence Day	7,750
1/9/2014	Celebration of Independence Day	13,500
1/9/2014	Celebration of Independence Day	16,000
10/10/2014	Celebration of Independence Day	24,000
23-09-14	Celebration of Independence Day	21,000
11/11/2014	Celebration of Independence Day	24,900
11/11/2014	Celebration of Independence Day	21,825
Sub Total		660,090
Grand Total		8,451,274

Annexure-E**Para 1.2.2.4****Non-recovery of liquidated damages due to delay in completion of work**

Name of Scheme	DOS	DOM	Status	Cost of Scheme (Rs)	Penalty (Rs)
Soling Pindi Mandla Graveyard	31-3-15	30-4-15	WIP	800,000	80,000
Laying of 24' Sewer Pipe Haji Pura to Church	29-9-14	25-10-14	7/1/2015	1,060,000	106,000
P/F Water Supply Riaz Hotel to Pakpura	29-12-14	29-01-15	17-02-15	741,000	74,100
P/F metering Pump Water Supply TMA Sialkot	22-11-14	29-11-14	29-8-15	1,025,000	102,500
P/F Flowers Buckets Khaja Safdar Bridge	12/2/2015	27-3-15	6/8/2015	821,000	82,100
P/F Tuff Tiles babar Market Karim Pura	31-3-15	30-4-15	3/6/2015	300,000	30,000
P/F water Filtration Plant Mubarik Pura	31-3-15	30-4-15	20-6-15	850,000	85,000
Up-gradation of Allma Iqbal Chowk	4/5/2015	19-6-15	6/8/2015	1,150,000	115,000
P/F Tube well Water Supply Muhammad Pura	31-3-15	15-5-15	18-12-15	3,050,000	305,000
P/F metering Pump Water Supply Sector-II Sialkot	22-11-14	29-11-14	28-3-15	1,025,000	102,500
P/F metering Pump Water Supply Sector-I Sialkot	22-11-14	29-11-14	28-3-15	10,250,000	1,025,000
Soling Syed pura Road to Shadi Da Khun	31-3-15	30-4-15	20-10-15	800,000	80,000
Provision of Manholes Cover PP-122	27-9-14	12/11/2014	6/1/2015	750,000	75,000
Painting of dividers and green belts	29-12-14	13-2-15	14-4-15	800,000	80,000
C/O Pin stock Gate & Chamber 12' dia Dear Shahid Pehalwan	29-9-14	19-10-14	6/1/2015	1,180,000	118,000
Reconstruction of Road Imam Sahib Haji Pura	14-11-14	29-01-15	14-03-15	2,100,000	210,000
Total					2,670,200

Annexure-F

Para 1.2.2.6

Non-recovery of arrears of rent of shops Rs1.12 million

Commissioner Road		
Shop No	Name	Amount(Rs)
Shop No 1	Muhammad Shakeel	64,016
Shop No 12	Muhammad Amjad	55,380
Shop No 16	Munawar Hussain	3,222
Shop No 22	Muhammad Saleem	9,054
Shop No 26	Muhammad Adil	6,710
Shop No 30	Rizwan Arshad	56,842
Shop No 31	Rizwan Arshad	59,504
Municipal Plaza Railway Road		
Shop No 3	Muhammad Bilal	8,970
Shop No 5	Muhammad Younas	33,942
Shop No 9	Muhammad Tanvior	15,260
Shop No 11	Muhammad Rafiq	22,576
Shop No 12	Abdul manan	82,122
Shop No 13	Nazir Ahmad	3,811
Shop No 15	Muhammad Afzaal	34,785
Shop No 16	Muhamma Bilal	22,254
Shop No 18	Tariq Mehmood	14,748
Shop No 1	Khawaja Junaid	19,454
Shop No 4	Mian Irfan	45,406
Shop No 6	Jamshed Ali	27,755
Shop No 8	Mian Irfan	18,450
Kachery Road		
Shop No 2	Haji Zahoor	143,664
Shop No 3	Muhammad Saeed	9,123
Adda Shahbaz Khan		
Shop No 3	-	36,295
Shop No 8	Muhammad Yaqoob	25,827
Bazar Shaheedan		
Shop No 2	Nasir Mehmood	79,589
Over Head Bridge		
Shop No 3	Akthar Mehmood	8,008
Shop No 9	Muhammad Ramzan	12,728
Shop No 19	Saeed Ahmad	2,233
Misc. Shops		
Dara No 1	Saeed Ahmad	62,092
Shop No 5	Muhammad Hanif	3,159
Shop No 10	Ghulam Murtaza	63,148
Shop No 17	Irfan Shahzad	43,560
Shop No 31	Ashtar Kazmi	28,000
Total		1,121,687