



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

**AUDITOR GENERAL OF PAKISTAN**

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## **ABBREVIATIONS AND ACRONYMS**

ADP	Annual Development Programme
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 Government
PLGO	Punjab Local Government Ordinance
PDSSP	Punjab Devolved Social Sector Programme
TAC	Tehsil Accounts Committee
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TO (F)	Tehsil Officer (Finance)
TO (I&S)	Tehsil Officer (Infrastructure & Services)
TO (P&C)	Tehsil Officer (Planning & Coordination)
TO (R)	Tehsil Officer (Regulations)
DGA	Director General Audit

## **PREFACE**

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 and Section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of Receipts and Expenditures of the Local Fund and Public Accounts of District Governments.

The report is based on audit of the accounts of Tehsil Municipal Administrations of District Pakpattan for the Financial Year 2013-14. The Directorate General of Audit District Governments Punjab (South), Multan conducted audit during 2014-15 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of Audit Report includes only the systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annex-A of the Audit Report. The audit observations listed in the Annex-A shall be pursued with the Principal Accounting Officer at the DAC level and in all case 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.

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

The observations included in this Report have been finalized in the light of written responses of the management concerned and DAC directives.

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 read with Section 115 of the Punjab Local Government Ordinance 2001, for causing it to be laid before the Provincial Assembly.

Islamabad  
Dated:

**(Rana Assad Amin)**  
**Auditor General of Pakistan**

## **EXECUTIVE SUMMARY**

The Directorate General Audit, District Governments, Punjab (South), Multan, is mandated to carry out the audit of the City District Governments and District Governments in Punjab (South) including Tehsil and Town Municipal Administration. The Regional Directorate of Audit, District Governments, Punjab (South), Multan, carries out audit of District Governments, TMAs and UAs of six Districts i.e. Multan, Lodhran, Vehari, Sahiwal, Pakpattan and Khanewal.

The Regional Directorate has a human resource of 32 officers and other staff. Total mandays available were 6,589 and the budget amounted to Rs 14.007 million in Audit Year 2014-15. The office is mandated to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly, RDA Multan carried out audit of the accounts of two TMAs of District Pakpattan for the Financial Year 2013-14 and the findings are included in this Audit Report.

Each Tehsil Municipal Administration in District Pakpattan is headed by a Tehsil Nazim / Administrator. He/she carries out operations as per 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 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 Tehsil Nazim / Tehsil Council / Administrator in the form of Budgetary Grants.

The total Development Budget of two TMAs in the District Pakpattan for the financial year 2013-14, was Rs 96.093 million and expenditure incurred of Rs 77.272 million, showing savings of Rs 18.821 million. The total Non-development Budget for financial year 2013-14 was Rs 459.774 million and expenditure of Rs 375.248 million, showing savings of Rs 84.526 million in the

year. The reasons for savings in Development and Non-development Budgets are required to be explained by TMO and PAO concerned.

Audit of TMAs of District Pakpattan was carried out with a view to ascertaining that the expenditure was incurred with proper authorization, in conformity with laws/rules/regulations and whether the procurement of assets and hiring of services were economical or not.

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

**a. Scope of Audit**

Out of total expenditure of the TMA Pakpattan for the financial year 2013-14, auditable expenditure under the jurisdiction of Regional Director Audit, Multan was Rs 452.520 million covering two PAO/formations. Out of this, Regional Director Audit, Multan audited an expenditure of Rs 149.332 million which, in terms of percentage, is 33% of total auditable expenditure and irregularities amounting to Rs 222.316 million were pointed out. Regional Director Audit planned and executed audit of 02 formations i.e. 100% achievement against planned audit activities.

Total receipts of the TMA District Pakpattan for the financial year 2013-14, were Rs 480.463 million. RDA Multan audited receipts of Rs 33.463 million which, in terms of percentage, is 7% of total receipts and irregularities amounting to Rs 94.147 million were pointed out.

**b. Recoveries at the Instance of Audit**

Recoveries of Rs 68.810 million were pointed out by Audit which was not in the notice of the management before audit. An amount of Rs 1.147 million was recovered by the management and verified by Audit during year 2014-15, till the time of compilation of the Report.

However, against the total recovery amount of Rs 49.029 million pertaining to Paras (over one million) drafted in this report, no amount of recovery has been made by the management till the time of compilation of this report.

**c. Audit Methodology**

Audit was conducted after understanding the business processes of TMAs with respect to its 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.

**d. Audit Impact**

A number of improvements in record maintenance and procedures have been initiated by the departments concerned, however audit impact in shape of change in rules could not be materialized as the Provincial Accounts Committee has not discussed audit reports pertaining to TMAs for the year 2014-15.

**e. Comments on Internal Control and Internal Audit Department**

Internal control mechanism of TMAs of District Pakpattan 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 ghost schemes. Negligence on the part of TMA authorities may be captioned as one of important reasons for Weak Internal Controls.

Section 115-A (1) of PLGO, 2001, Nazim of each District Government and Tehsil/Town Municipal Administration shall appoint an Internal Auditor but the same was not appointed in all TMAs of District Pakpattan.

**f. The Key Audit Findings of the Report**

- i. Irregularities and Non-Compliance of Rs 12.340 million were noted in one case.<sup>1</sup>

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<sup>1</sup> Para 1.2.1.1



- ii. Performance issues of Rs 49.029 million were noted in six cases.<sup>2</sup>

Audit Paras on the accounts for 2013-14 involving procedural violations including irregularities and weak financial management which were not considered worth reporting to Provincial PAC, therefore have been included in Memorandum for Departmental Accounts Committee (MFDAC), (Annex-A).

**g. Recommendations**

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

- i. Compliance of relevant laws, rules, instructions and procedures, etc and appropriate actions against officers/officials responsible for violation of rules.
- ii. Take measures to stop illegal construction of commercial, residential buildings, industries and development of residential colonies.
- iii. Regularization of un-authorized expenditures.
- iv. Expediting recoveries pointed out by Audit as well as other recoveries in the notice of management, Take appropriate action against the concerned for poor recovery.
- v. Realization and reconciliation of various receipts.
- vi. Compliance of DAC directives and decisions in letter and spirit

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<sup>2</sup> Para 1.2.2.1 ,1.2.2.2,1.2.2.3,1.3.2.1,1.3.2.2,1.3.2.3

## SUMMARY TABLES AND CHARTS

**Table 1: Audit Work Statistics**

(Rupees in Million)

Sr. No.	Description	No.	Expenditure	Receipts
1	Total Entities (PAOs) in Audit Jurisdiction	2	452.520	480.463
2	Total formations in Audit Jurisdiction	2	452.520	480.463
3	Total Entities (PAOs)/ DDOs Audited	2	452.520	480.463
4	Total formations Audited	2	149.332	33.463
5	Audit & Inspection Reports	2	-	-
6	Special Audit Reports	-	-	-
7	Performance Audit Reports	-	-	-
8	Other Reports (Relating to TMA)	-	-	-

**Table 2: Audit Observations classified by category**

(Rupees in Million)

Sr. No.	Description	Amount Placed Under Audit Observation
1	Asset management	-
2	Financial management	49.029
3	Internal Controls	-
4	Others	12.34
<b>Total</b>		<b>61.369</b>

**Table 3: Outcome Statistics**

(Rupees in Million)

Sr. No.	Description	Expenditure on Physical Assets	Civil Works	Receipts	Others	Total current year	Total Last year
1	Total Financial Outlay	2.114	77.272	480.463	373.134	932.983	998.592*
2	Outlays Audited	1.991	20.863	33.463	126.478	182.795*	265.822
3	Amount Placed under Audit Observation/ Irregularities pointed out.	-	-	17.239	44.130	61.369	81.788
4	Recoveries Pointed Out at the instance of Audit	-	-	17.239	31.790	49.029	34.331
5	Recoveries Accepted/ Established at the instance of Audit	-	-	17.239	31.790	49.029	34.331
6	Recoveries Realized at the instance of Audit.	-	-	1.147	-	1.147	-

\* The amount mentioned against Sr. No.2 in column of "Total Current Year" is the sum of expenditure and receipts, whereas the total expenditure was Rs 149.332 million.

**Table 4: Irregularities Pointed Out**

(Rupees in Million)

<b>Sr. No.</b>	<b>Description</b>	<b>Amount under Audit Observation</b>
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	12.340
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from IPSAS, 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	Recoveries, overpayments representing cases of established overpayment or misappropriation of public money.	49.029
5	Non-production of record to Audit	-
6	Others, including cases of accidents, negligence etc.	-
<b>Total</b>		<b>61.369</b>

**Table 5: Cost-Benefit**

(Rupees in Million)

<b>Sr. No.</b>	<b>Description</b>	<b>Amount</b>
1	Outlays Audited (Items 2 Table 3)	932.983
2	Expenditure on Audit	0.049
3	Recoveries realized at the instance of Audit	1.147
4	Cost-Benefit Ratio	23

## CHAPTER 1

### 1.1 TEHSIL MUNICIPAL ADMINISTRATIONS, PAKPATTAN

#### 1.1.1 Introduction

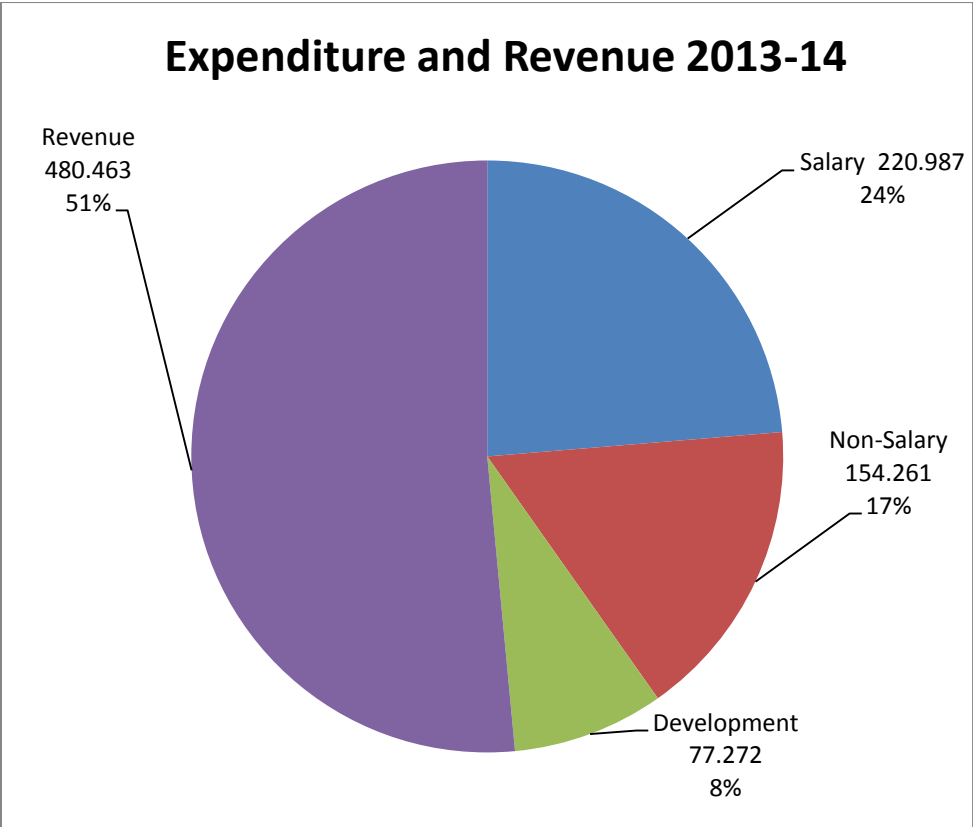
Tehsil Municipal Administration (TMA) consists of Tehsil Nazim, Tehsil Niab Nazim and Tehsil Municipal Officer (TMO). Each TMA comprises five Drawing and Disbursing Officers i.e. TMO, TO (Finance), TO (Infrastructure and Services), TO (Regulation), TO (Planning and Coordination) and Tehsil Nazim and Tehsil Niab Nazim.

#### 1.1.2 Comments on Budget and Accounts

The detail of budget and expenditure is given below in tabulated form:

**(Rupees in Million)**

Description	Budget	Actual	Excess (+) / Saving (-)	(%) Saving
Salary	225.539	220.987	-4.552	-2%
Non Salary	234.235	154.261	-79.974	-34%
Development	96.093	77.272	-18.821	-20%
<b>Sub Total</b>	<b>555.867</b>	<b>452.52</b>	<b>-103.347</b>	<b>-23%</b>
Revenue	481.814	480.463	-1.351	0%

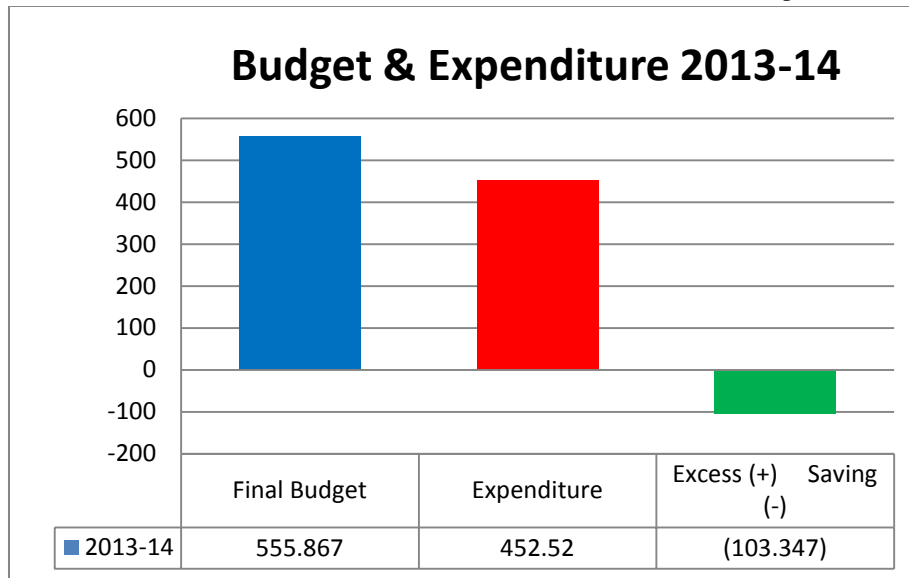


Details of budget allocations, expenditures and savings of each TMA in District Pakpattan are at **Annex-B**.

As per Budget Books for the Financial Year 2013-14 of TMAs in District Pakpattan, original and final budgets were of Rs 555.867 million. Total expenditures incurred by these TMAs during Financial Year 2013-14 were of Rs 452.520 million. A saving of Rs 103.347 million came to the notice of audit which shows that the TMAs failed to provide essential municipal services as envisaged and planned at the time of preparation and approval of annual budget for the year. No plausible explanation was provided by the PAO, Tehsil Nazims and management of TMAs.

The comparative analysis of the budget and expenditure of current Financial Year depicted as under:

(Rupees in Million)



### 1.1.3 Brief comments on the status of compliance of MFDAC Paras of Audit Report 2013-14

Audit paras, reported in MFDAC (Annex-I) 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 Status of Compliance with PAC Directives**

The Audit Reports pertaining to following years were submitted to the Governor of the Punjab but have not examined by the Public Accounts Committee.

#### **Status of Previous Audit Reports**

<b>Sr. No.</b>	<b>Audit Year</b>	<b>No. of Paras</b>	<b>Status of PAC Meetings</b>
01	2009-12	19	PAC not constituted
02	2012-13	12	PAC not constituted
03	2013-14	07	PAC not constituted
<b>Total</b>		<b>38</b>	



# **AUDIT PARAS**

## **1.2 Tehsil Municipal Administration, Pakpattan**

## 1.2.1 Irregularities and Non-Compliance

### 1.2.1.1 Irregular payment to contingent paid staff – Rs 12.340 million

According to Government of the Punjab Finance Department letter No. FD.SO(GOODS)44-4/2011 dated 07.07.2012, no contingent paid staff shall be appointed without obtaining the prior approval of Finance Department.

TMO Pakpattan made payment of Rs 12.340 million on account of contingent paid staff during F.Y 2013-14 from non-development budget. The TMO appointed contingent paid staff without obtaining permission from Finance Department. No advertisement was made for such appointments. Appointments were also not made by the committee. Audit called for appointment orders, original attendance register and payment acknowledgements of staff, but the same were not produced to audit. Detail of expenditure is given below:-

Voucher No.	Date	Description	Month	Amount (Rs)
84	09-07-13	Pay of Contingent Paid Staff	Jun-13	1,030,500
119	03-08-13	Pay of Contingent Paid Staff	Jul-13	1,019,894
103	07-09-13	Pay of Contingent Paid Staff	Aug-13	922,636
117	11-10-13	Pay of Contingent Paid Staff	Sep-13	1,108,460
88	02-11-13	Pay of Contingent Paid Staff	Oct-13	1,047,479
101	02-12-13	Pay of Contingent Paid Staff	Nov-13	908,700
145	18-12-13	Pay of Contingent Paid Staff	Dec-13	334,152
95	06-01-14	Pay of Contingent Paid Staff	Dec-13	572,460
96	06-01-14	Pay of Contingent Paid Staff	Dec-13	251,371
106	10-02-14	Pay of Contingent Paid Staff	Jan-14	1,060,538
86	04-03-14	Pay of Contingent Paid Staff	Feb-14	905,749
89	07-04-14	Pay of Contingent Paid Staff	Mar-14	1,207,628
101	08-05-14	Pay of Contingent Paid Staff	Apr-14	1,092,300
63	03-06-14	Pay of Contingent Paid Staff	May-14	878,223
<b>TOTAL</b>				<b>12,340,090</b>

Audit is of the view that due to weak internal controls, irregular payment was made on account of salaries to contingent paid staff.

Irregular payment on account of contingent paid staff amounting to Rs 12.340 million resulted in violation of rules.

The matter was reported to the Tehsil Municipal Officer in February, 2015. The DDO replied that employees were recruited after advertisement. Later on they obtained stay from labor court. The reply was not tenable as payment of salary was made without approval from Finance Department. DAC, in its meeting, held in March, 2015 directed the TMO to pursue the case in court of law. No further progress was intimated till the finalization of Report.

Audit recommends regularization of expenditure from Finance Department, stoppage of any such future appointments and disciplinary action against the responsible, under intimation to Audit

[AIR Para No.03]

## 1.2.2 Performance

### 1.2.2.1 Unauthorized construction of buildings – Rs 17.568 million

According to Rule 60(1)(a)(b)(c)(d)(e) of Punjab Land Use (Classification, Reclassification and Redevelopment) Rules, 2009, Tehsil Municipal Administration shall levy following fee for conversion of land use as per Punjab Gazette June 06, 2012:

Value of land as per valuation Table	Conversion fee
Less than one million rupees	5%
From one million rupees to ten million rupees	10%
More than ten million rupees	20%

TMO Pakpattan did not take any action against illegal construction of buildings for Rs 17.568 million in the jurisdiction of TMA Pakpattan during 2013-14. Only notices were issued to the owners of illegal buildings. Audit conducted physical inspection of buildings in the area in the presence of field staff as representative of TMO and observed that buildings were constructed without approval of maps. Related fees were also not recovered. Detail is given in **Annex-C**.

Audit is of the view that due to weak financial management, unauthorized constructions of buildings were made.

Unauthorized construction of buildings resulted in violation of government rules and loss to TMA amounting to Rs 17.568 million.

The matter was reported to the Tehsil Municipal Officer in February, 2015. The DDO replied that FIR had been lodged against the developers and recovery was under process. The reply of the DDO was not tenable as neither the action was taken against the builders nor the proof of recovery was shown. DAC, in its meeting, held in March, 2015, directed the DDO to pursue the case in the court of law and effect complete recovery. No further progress was intimated till the finalization of Report.

Audit recommends complete recovery of Rs 17.568 million besides fixing of responsibility, under intimation to Audit.

[AIR Para 2,6]

### 1.2.2.2 Illegal establishment of housing colonies – Rs 13.046 million

According to Rule 60 ( c ) of Punjab Land Use Rules 2009, the conversion fee for the conversion of peri-urban area or intercity service area to residential use shall be one percent of the value of the commercial land as per valuation table or one percent of the average sale price of preceding twelve months of commercial land in the vicinity.

TMO Pakpattan did not take any action against developers for establishment of schemes without approval of maps from TMA and without payment of conversion fee. Detail is given below.

(Amount in Rupees)

Sr. No.	Name of Scheme	Area	Conversion fee
1	Awais block near addacahanwat	30 K	600,000
2	Al- jannat housing scheme 37/SP Sahiwal road Pakpattan	99 K	1,584,000
3	Farid city housing scheme Jamal chowk	75-K	1,500,000
4	Ahmed gardens Sahiwal road Pakpattan	56 K	1,120,000
5	Khayban-e- farid katchery road Pakpattan	248 K	6,200,000
6	Zamzam housing scheme near disposal Tibba Sher Kot	45 K	1,240,000
7	Gunjshakar colony, Pakpattan	37 K	802,000
<b>TOTAL</b>			<b>13,046,000</b>

Audit is of the view that due to weak financial controls, illegal colonies were established.

Illegal establishment of colonies resulted in violation of government rules and loss to TMA amounting to Rs 13.046 million.

The matter was reported to the Tehsil Municipal Officer in February, 2015, DDO replied that FIR had been lodged against the developers and recovery was under process. The reply was not tenable as neither the action was taken against developers nor proof of recovery was shown. DAC, in its meeting, held in March, 2015, directed the DDO to pursue the case in the court of law and effect complete recovery. No further progress was intimated till the finalization of Report.

Audit recommends complete recovery of Rs 13.046 million, besides fixing of responsibility, under intimation to Audit.

[AIR Para No. 1]

### **1.2.2.3 Less recovery of water rate charges – Rs 3.260 million**

According to Rule 76 of PDG&TMA (Budget) Rules, 2003 the Collecting Officers shall ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund.

TMO Pakpattan did not recover dues of Rs 3.260 million on account of water charges from various connection holders up to June, 2014 as detailed below:

(Amount in Rupees)

No. of connections	Monthly Rate	Demand for the FY-2013-14	Arrears	Total Recoverable	Actual Recovery	Difference Recoverable
3,074	40	1,475,520	3,528,868	5,278,868	1,744,680	3,259,708

Audit is of the view that due to weak financial controls, recovery of water charges was not made.

Non recovery of water charges resulted in loss to TMA amounting to Rs 3.260 million.

The matter was reported to the Tehsil Municipal Officer in February, 2015. The DDO did not submit any reply. DAC, in its meeting held in March, 2015, directed the TMO to effect complete recovery. No further progress was intimated till the finalization of Report.

Audit recommends complete recovery of Rs 3.260 million, besides fixing of responsibility, under intimation to Audit.

[AIR Para No.08]



### **1.3 Tehsil Municipal Administration, Arifwala**

## 1.3.2 Performance

### 1.3.2.1 Non-recovery of water rate – Rs 10.482 million

According to Rule 76 of PDG&TMA (Budget) Rules, 2003 the Collecting Officers shall ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund.

Tehsil Municipal Officer Arifwala did not recover the water charges amounting to Rs 10.482 million for the period 2013-14. No efforts were made to recover the Government revenue by the authorities. The detail is as under:

**Table 1**

Head	No. Connection	Amount	Recovery	Balance
Arrear on 30.06.2013	9574	9,334,737	996,460	8,338,277
Domestic Connections (Current Year)	9470	3,409,200	1,811,012	1,598,188
Commercial Connections (Current Year)	104	154,440	95,316	59,124
<b>Total Current Demand</b>	<b>9574</b>	<b>3,563,640</b>	<b>1,906,328</b>	<b>1,657,312</b>
<b>Total</b>		<b>12,898,377</b>	<b>2,902,788</b>	<b>9,995,589</b>

**Table 2 CO Unit Qaboola**

Head	No. of Connection	Amount	Recovery	Balance
Arrear on 30.06.2013	754	1,095,063	23,406	1,071,657
Domestic Connections (Current Year)	738	265,680	12,296	253,384
Commercial Connections (Current Year)	16	28,800	-	28,800
<b>Total Current Demand</b>	<b>754</b>	<b>294,480</b>	<b>12,296</b>	<b>282,184</b>
<b>Total</b>		<b>1,389,543</b>	<b>35,702</b>	<b>1,353,841</b>
<b>Grand Total</b>		<b>14,287,920</b>	<b>2,938,490</b>	<b>11,349,430</b>
<b>Amount Recovered</b>				<b>867,468</b>
<b>Total Recoverable</b>				<b>10,481,962</b>

Audit is of the view that due to financial indiscipline, huge amount of water rates remained un-recovered.

Non-recovery of water rates resulted in loss to TMA funds amounting to Rs 10.482 million.

The matter was reported to TMO in February, 2015. The DDO replied that the detailed reply would be submitted later on. DAC, in its meeting, held in March, 2015 directed the DDO for complete recovery. No further progress was intimated till the finalization of Report.

Audit recommends recovery of Rs 10.482 million besides fixing of responsibility under intimation to Audit.

[AIR Para No. 01]

### **1.3.2.2 Illegal establishment of housing colonies – Rs 3.497 million**

According to Rule 60 ( c ) of Punjab Land Use Rules 2009, the conversion fee for the conversion of peri-urban area or intercity service area to residential use shall be one percent of the value of the commercial land as per valuation table or one percent of the average sale price of preceding twelve months of commercial land in the vicinity.

TMO Arifwala did not recover conversion fee, map fee and NOC fee amounting to Rs 4.199 million from the developers of the private housing colonies constructed without prior approval of building plans. TO (P&C) neither took any action against this illegal development of schemes to demolish the constructions and stop commercial activities of developers nor recovered the government dues from them. Necessary detail is given below:

(Amount in rupees)

Sr. No	Name of Housing colony	Location	Area	Map fee	Conversion Fee	NOC fee	Total Recovery
1	Gulshan-e-Sultan Land Subdivision	Chak. No. 63/EB, Hotta Road Arifwala	76K1 6M	96,000	600,576	5,000	701,576
<b>Total</b>							<b>701,576</b>

Further, following cases were also pointed out during last Audit and it was directed in the DAC meeting to recover the TMA dues, but no such recoveries were made from the developers till the closing of current Audit:

(Amount in Rupees)

Sr. No	Name of Housing colony	Location	Area	Map fee	Conversion Fee	NOC fee	Recovery
1	Rehman Town	Chak No: 47/EB	66K5M	82,813	702,250	5,000	790,063
2	Rehman City Phase-II	Chak No: 69/EB	88K17M		5,00,000	5,000	5,05,000
3	Irfan Town	City Arifwala	40 K	50,000	1,600,000	5,000	1,655,000
4	Al-Jannt City	Qaboola Bye Pass	50 K	62,500	530,000	5,000	597,500
5	Al-Jannt City Phase-II	Qaboola	24 K	30,000	242,400	5,000	277,400
6	Mehmoodia Town	ChakNo.21/KB	32 K	40,000	128,000	5,000	173,000
<b>Total</b>							<b>3,497,968</b>
<b>Grand Total</b>							<b>4,199,544</b>

Audit is of the view that due to weak financial controls, illegal colonies were established.

Illegal establishment of colonies resulted in violation of Government rules and loss to TMA amounting to Rs 3.497 million.

The matter was reported to the Tehsil Municipal Officer in February, 2015. DDO replied that recovery of Rs 701,576 has been made. The reply of the DDO is not tenable as complete recovery was not made. DAC, in its meeting, held in March, 2015, reduced the amount of Para to the extent of recovery made and directed the TMO to effect remaining recovery. No further progress was intimated till the finalization of Report.

Audit recommends complete recovery of Rs 3.497 million besides fixing of responsibility under intimation to Audit.

[AIR Para No. 06]

### **1.3.2.3 Unauthorized construction of buildings – Rs 1.176 million**

According to Rule 60(1)(a)(b)(c)(d)(e) of Punjab Land Use (Classification, Reclassification and Redevelopment) Rules, 2009, Tehsil

Municipal Administration shall levy following fee for conversion of land use as per Punjab Gazette June 06, 2012:

<b>Value of land as per valuation Table</b>	<b>Conversion fee</b>
Less than one million rupees	5%
From one million rupees to ten million rupees	10%
More than ten million rupees	20%

TO (P&C) did not recover the Conversion fee and Map fee from the owner of newly constructed/under construction buildings in the jurisdiction of TMA Arifwala. Audit conducted physical inspection of a few buildings in the area under jurisdiction of TMA and noted that the construction of new buildings had been started without payment of conversion fee, map fee amounting to Rs 1.176 million. Necessary detail is given below:

(Amount in rupees)

<b>Description</b>	<b>Location</b>	<b>Area</b>	<b>Map fee</b>	<b>Conversion Fee</b>	<b>Recovery</b>
Feed Mill	Chak No: 167/EB, Burewala road tehsil Arifwala	8 Kanals	50,000	700,000	750,000
Marriage Hall	Qaboola road Arifwala Chak 69/EB	7 Kanals	112,000	262,500	374,500
Petrol Pump	Chak No. 50/EB, Sahiwal road	2 Kanals	32,000	17,000	49,000
Shops 5 Nos	Pakpattan road, Arifwala	3 Marla	2,400	All ready commercial in ODP	2,400
<b>Total</b>					<b>1,175,900</b>

Audit is of the view that due to weak internal controls, unauthorized colonies were constructed.

Unauthorized construction of colonies resulted in loss to the Government amounting to Rs 1.176 million.

The matter was reported to the Tehsil Municipal Officer in February, 2015. The DDO replied that recovery was under process. The reply of the DDO was not tenable as neither the action was taken against the builders nor the proof of recovery was shown. DAC, in its meeting, held in March, 2015, directed the DDO to pursue the case in the court of law and effect complete recovery. No further progress was intimated till the finalization of Report.

Audit recommends complete recovery of Rs 1.176 million besides fixing of responsibility under intimation to Audit.

[AIR Para No.07]

## **Annex**

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

(Rupees in Million)

Formation Name	Sr. No.	Para No.	Subject	Amount
TMA Pakpattan	1	5	Non-achievement of targets of map and conversion fee	5.529
	2	12	Loss of revenue to TMA due to litigation of shops	1.653
	3	15	Recovery on account of non-imposition of penalty for non-completion of work within stipulated period	1.278
	4	16	Substandard purchase of energy savers & other electric material recovery thereof	0.142
	5	18	Irregular expenditures without advertisement	0.650
	6	19	Irregular expenditures on purchase of advertising flexes by splitting up of indent to avoid competition	0.637
	7	20	Difference between cash book & bank statement	0.618
	8	21	Less recovery from contractor of advertisement fee	0.611
	9	23	Irregular advance payment and non-adjustment of advance	0.562
	10	24	Doubtful expenditure for providing & fixing of stabilizers on water supply tube wells	0.399
	11	27	Excess payment to contractor by approving higher rates of tuff tile in rate analysis	0.253
	12	30	Non-recovery of professional tax from contractors	0.06
TMA Arifwala	13	2	Loss to TMA funds due to poor recovery position on account of recovery of rent of shops	3.652
	14	3	Loss due to non-recovery of drama fee	0.172
	15	8	Non Imposition of Penalty for late completion of works and Recovery	1.591
	16	9	Illegal grant of time extension on applications received after due time & less -recovery of penalty	1.132
	17	12	Recovery of 20% overhead charges and contractor profit	0.409



<b>Formation Name</b>	<b>Sr. No.</b>	<b>Para No.</b>	<b>Subject</b>	<b>Amount</b>
	18	18	Loss to TMA funds due to less recovery of license/permit fee	0.142
	19	20	Irregular/doubtful expenditure on account of repair of various items including vehicles	1.363
	20	22	Loss to government due to excess payment on account of less deduction of shrinkage from earthwork	0.071
	21	23	Non deduction of professional tax	0.063
	<b>Total</b>			<b>20.987</b>

**Part-II**

**Memorandum for Departmental Accounts Committee Paras not Attended in  
Accordance with the Directives of DAC Pertaining to Audit Year 2013-14**

(Rupees in Million)

Name of TMA	Sr. No	PDP No.	Title of Para	Amount of Audit Observation	Nature Of Audit Observation
TMA Pakpattan	1	3	Irregular appointment of contingent paid staff	10.53	Irregularities and Non compliance
	2	5	Non collection of record from the contractors	5.569	Irregularities and Non compliance
	3	6	Non maintenance of separate head of account of conversion fee	4.756	Irregularities and Non compliance
	4	7	Less/Non recovery of NOC fee for Sui Gas connection	3.997	Performance
	5	8	Less recovery of water rates	3.533	Performance
	6	9	Non maintenance of cash book of expenditures	3.21	Irregularities and Non compliance
	7	10	Irregular expenditure on purchase of reeling	2.342	Irregularities and Non compliance
	8	11	Difference between cash book & bank statement	1.753	Performance
	9	12	Loss revenue to TMA due to litigation of shop	1.5	Performance
	10	13	Misclassification of expenditures	1.495	Irregularities and Non compliance
	11	16	Doubtful expenditure on arrangement for "URS"	1.092	Irregularities and Non compliance
	12	17	Unjustified heavy expenditure on tentage and lighting	1.098	Irregularities and Non compliance
	13	19	Unjustified heavy expenditure on account of repair of machinery	0.877	Irregularities and Non compliance
	14	21	Irregular award of work by increasing TS	0.805	Internal Control Weaknesses
	15	22	Irregular advance payment and non-adjustment of advance	0.785	Internal Control Weaknesses
	16	23	Non recovery of loss of revenue to TMA	0.766	Performance

Name of	Sr.	PDP	Title of Para	Amount	Nature Of Audit
	17	24	Non-availability of stock entry and proof of consumption of sports material	0.6	Internal Control Weaknesses
	18	27	Unjustified deduction of expenditure from the PFC	0.475	Internal Control Weaknesses
	19	28	Doubtful expenditure on construction of gates	0.454	Internal Control Weaknesses
	20	29	Un-authorized constructions of building without approval of MAP	0.427	Performance
	21	31	Unjustified expenditure on earth filling/ramming without deducting shrinkage	0.308	Internal Control Weaknesses
	22	30	Doubtful record of Government receipts	0.371	Internal Control Weaknesses
	23	32	Unauthorized expenditure on repair of vehicle beyond financial power	0.299	Irregularities and Non compliance
	24	33	Non recovery of birth/death certificate fee	0.255	Performance
	25	34	Less departmental collection of TMA receipts	0.252	Performance
	26	35	Loss to Government due to payment of overhead charges & contractor profit	0.211	Performance
	27	36	Irregular advance withdrawal without immediate requirement	0.151	Irregularities and Non compliance
	28	37	Irregular appointment of legal advisor and expenditure	0.144	Internal Control Weaknesses
	29	38	Unjustified excess payment than work order	0.137	Internal Control Weaknesses
	30	39	Excess payment on hiring of lighting	0.124	Internal Control Weaknesses
	31	40	Excess payment by charging excess earth	0.115	Internal Control Weaknesses
	32	41	Non forfeiture of security deposit	0.105	Performance
	33	42	Doubtful expenditure on POL	0.097	Irregularities and Non compliance
	34	43	Unauthorized balance in bank statement	0.091	Irregularities and Non compliance

Name of	Sr.	PDP	Title of Para	Amount	Nature Of Audit
	35	44	Excess payment due to non-deduction of road crust	0.079	Irregularities and Non compliance
	36	45	Unjustified expenditure on cat eyes and excess payment to contractor	0.076	Irregularities and Non compliance
	37	46	Non-adjustment of advance payment to PTCL	0.074	Internal Control Weaknesses
	38	47	Excess payment due to excess rates	0.05	Performance
	39	48	Excess payment due to payment of excess quantities	0.049	Performance
	40	49	Excess payment due to excess quantity of earth disposed-off	0.038	Performance
TMA Arifwala	41	3	Non-recovery of rent of shops	3.855	Performance
	42	4	Non-recovery of water rate charges	2.262	Performance
	43	5	Loss to Govt. due to non-execution of re-auctions of shops at city road	1.179	Performance
	44	9	Non-recovery of licenses fee	0.158	Performance
	45	12	Unjustified advance payment on the installation of traffic signals	3.016	Irregularities and Non compliance
	46	13	Unjustified heavy expenditure on account of POL & repair of fire brigade	2.724	Irregularities and Non compliance
	47	20	Irregular auction of advertisement tax and down fall in the income of TMA	0.909	Irregularities and Non compliance
	48	21	Theft of transformers	0.8	Internal Control Weaknesses
	49	24	Recovery on account of non-imposition of penalty for non-completion of work within stipulated period	0.973	Internal Control Weaknesses
	50	28	Non-recovery of professional tax	0.12	Performance
	51	29	Non-production of PLA pass book	0	Non production of record
<b>TOTAL</b>				<b>34.063</b>	

## TMAs of District Pakpattan

### Budget and expenditure statement for financial year 2013-2014

TMA Pakpattan		(Rupees in Million)		
Description	Budget	Actual	Excess (+) / Saving (-)	(%) Saving
Salary	111.839	109.495	-2.344	-2%
Non Salary	119.523	95.66	-23.863	-20%
Development	31.093	24.556	-6.537	-21%
Revenue	222.951	224.6	1.649	1%
<b>Total</b>	<b>485.406</b>	<b>454.311</b>	<b>32.744</b>	<b>7%</b>
TMA Arifwala		(Rupees in Million)		
Description	Budget	Actual	Excess (+) / Saving (-)	(%) Saving
Salary	113.7	111.492	-2.208	-2%
Non Salary	114.712	58.601	-56.111	-49%
Development	65.000	52.716	-12.284	-19%
Revenue	258.863	255.863	-3.000	-1%
<b>Total</b>	<b>552.275</b>	<b>478.672</b>	<b>-73.603</b>	<b>-13%</b>

[Para No.1.2.2.1]

**Loss to government due to illegal construction of buildings without payment of map and conversion fee**

Sr .No.	Name of Owner/Building	Type of Const.	Location	Area (Approx.)	Average Value per Marla	Actual value property	Rate Conversion Fee	Conversion Fee	Map Fee/Sq.Ft.	Amount	NO C	Comp. Fee	Total
1	M. Iqbal	Commercial Apartments	Katchery Road	2K (3 stories)	300,000	12,000,000	10%	1,200,000	6	65,340	3000	2000	1,270,340
2	Malik M. Ashraf	Commercial Apartments	Katchery Road	2K	300,000	12,000,000	10%	1,200,000	6	65,340	3000	2000	1,270,340
3	Al-Farid Marriage Hall/Lawn		Opposite TMA office	1K-5M	300,000	7,500,000	10%	750,000	6	40,838	3000	2000	795,838
4	Becon Photo Copy	Shops	College Road	3M	300,000	900,000	5%	45,000	6	4,901	3000	2000	54,901
5	Allah Ditta S/o Sajwara	Shops	Kameer Road	7M	250,000	1,750,000	10%	175,000	6	11,435	3000	2000	191,435
6	Ghulam Hussain	Shops	Kameer Road	6M	250,000	1,500,000	10%	150,000	6	9,801	3000	2000	164,801
7	MianNaveedAdov	Shops	Zafar Abad	10M	200,000	2,000,000	10%	200,000	6	16,335	3000	2000	221,335
8	MazharAhmad	Shops	Katchery Road	8 M	300,000	2,400,000	10%	240,000	6	13,068	3000	2000	258,068
9	Rao M. Akram	Shops	Al-Fareed Garden	12M	300,000	3,600,000	10%	360,000	6	19,602	3000	2000	384,602
10	Malik Munnawar	Shops	Katchery Road	4M	300,000	1,200,000	10%	120,000	6	6,534	3000	2000	131,534
11	Laurate College	college	College Road	2 K	350,000	14,000,000	5%	700,000	6	65,340	3000	2000	770,340
12	Al-Hamad College	college	College Road	2K10M	350,000	17,500,000	5%	875,000	6	81,675	3000	2000	961,675
13	M. Aleem	Shop	College Road	2M	350,000	700,000	5%	35,000	6	3,267	3000	2000	43,267
14	Baba Farid Oil Mills	Oil Mill	Sahiwal Road	10K-0M	200,000	40,000,000	10%	4,000,000	6	163,350	3000	2000	4,168,350
15	Rajab Ali	Rajab Ali Service Station	Sahiwal Road	9 M	200,000	1,800,000	10%	180,000	6	14,702	3000	2000	199,702
16	Ch. Akram	Commercial Building	Sahiwal Road	6M	200,000	1,200,000	10%	120,000	6	9,801	3000	2000	134,801
17	DanialAsif	Commercial Building	Arif Road Near Jamal Chowk	4M	200,000	800,000	5%	40,000	6	6,534	3000	2000	51,534

Sr. No.	Name of Owner/Building	Type of Const.	Location	Area (Approx.)	Average Value per Marla	Actual value property	Rate Conversion Fee	Conversion Fee	Map Fee/Sq.Ft.	Amount	NO C	Comp. Fee	Total
18	Fancy Traders	Commercial Building	Arif Road Near Jamal Chowk	10M	200,000	2,000,000	10%	200,000	6	16,335	3000	2000	221,335
19	Abdul Haq	Commercial Building	Arif Road Near Jamal Chowk	8M	200,000	1,600,000	10%	160,000	6	13,068	3000	2000	178,068
20	PirabuSafian	Commercial Building	Arif Road	12M	150,000	1,800,000	10%	180,000	6	19,602	3000	2000	204,602
21	Icon Goods	Goods Transport Stand	Sahiwal Road	15M	200,000	3,000,000	10%	300,000	6	24,503	3000	2000	329,503
22	Faridia Motors	Commercial Building	Sahiwal Road	11M	200,000	2,200,000	10%	220,000	6	17,969	3000	2000	242,969
23	AbaidUllah	Commercial Building	Sahiwal Road	2K-10M	200,000	10,000,000	5%	500,000	6	81,675	3000	2000	586,675
<b>Sub Total</b>												12.836,012	

**In cases detailed below, conversion fees were less recovered due to calculation of less average price.**

Sr. #	Name of owner	Area	Nature of Business	Conversion Fee Recovered	Rate to be applied PM	Amount	Less/Short Recovery
1	M. Ashiq Ali S/o Ali Muhammad	3K-10M	Bandhan Marriage Hall	131250	130,000	910,000	778,750
2	M. Nadeem, WaseemHaider S/o Rana Dost Muhammad	2K-10M	Petrol Pump	33304	200,000	600,000	566,696
3	M. Azam S/o M. Ibraheem	3K-10 M	Petrol Pump	19765	200,000	1,000,000	980,235
4	Nazir Ahmad S/o M.Sultan	40M	Petrol Pump	19250	150,000	750,000	730,750
5	Allah Ditta S/o M. BukhshSakhaira	80M	Filling Station	324,000	150,000	1,200,000	876,000
6	SardarSharafat Ali Dogar S/o Hakim Ali	2K	Petrol Pump	400,000	300,000	1,200,000	800,000
<b>Sub total</b>							<b>4,732,431</b>
<b>Grand Total</b> 12,836,012 + 4,732,431							<b>17,568,443</b>