



AUDIT REPORT

ON

THE ACCOUNTS OF

TEHSIL MUNICIPAL ADMINISTRATIONS

DISTRICT PAKPATTAN

AUDIT YEAR 2012-13

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	i
PREFACE	ii
EXECUTIVE SUMMARY	iii
SUMMARY TABLES AND CHARTS	vii
Table 1: Audit Work Statistics	vii
Table 2: Audit Observations	vii
Table 3: Outcome Statistics.....	viii
Table 4: Irregularities Pointed Out.....	ix
CHAPTER 1	1
1. TEHSIL MUNICIPAL ADMINISTRATIONS, PAKPATTAN.....	1
1.1 INTRODUCTION	1
1.1.1 Comments on Budget and Accounts (Variance Analysis).....	2
1.1.2 Brief Comments on Status of Compliance with PAC/ZAC Directives	3
1.2 Tehsil Municipal Administration, Pakpattan	4
1.2.1 Irregularities & Non Compliance	5
1.2.2 Performance	8
1.3 Tehsil Municipal Administration, Arifwala	15
1.3.1 Non Production of Record	16
1.3.2 Performance	18
ANNEXURES	22

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)

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 the audit of the receipts and expenditure of the Local Fund and Public Accounts of Tehsil / Town Municipal Administrations of the Districts.

The Report is based on audit of Tehsil Municipal Administration of District Pakpattan for the years 2010-12. The Directorate General of Audit District Governments Punjab (South), Multan, conducted audit during 2012-13 on test check basis with a view to reporting significant findings to 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 Annexure-I of the Audit Report. The Audit observations listed in the Annexure-I shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this Report have been finalized in the light of written responses and discussion with the management.

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 PAC.

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (South), Multan, a Field Audit Office of the Auditor General of Pakistan is responsible to carry out the audit of all District Governments in Punjab (South) including Tehsil and Town Municipal Administrations. Its Regional Directorate of Audit Multan has audit jurisdiction of District Governments, TMAs and UAs of six Districts i.e. Multan, Lodhran, Vehari, Sahiwal, Pakpattan and Khanewal.

This Regional Directorate has a human resource of 32 including 25 officers constituting 7,575 man days and a budget of about Rs 11.029 million for Financial Year 2011-2012. It has the mandate 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 accounts of two TMAs namely of District Pakpattan for financial years 2110-2012 and the findings 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 above mentioned TMAs in District Pakpattan for the financial years 2010-2012, was Rs 511.221 million and expenditure incurred was of Rs 255.208 showing savings of Rs 256.013 million. The total Non-development Budget for financial years 2010-2012 was Rs 475.364 million and expenditure was of Rs 382.146 million, showing savings of

Rs 93.218million. The reasons for savings in Development and Non-development Budgets are required to be provided by TMO and PAO concerned.

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

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

a. Audit Methodology

Audit was conducted after 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. Audit used desk audit techniques for analysis of compiled data and review of permanent files/record. Desk Audit greatly facilitated identification of high-risk areas for substantive testing in the field.

b. Audit of Expenditure and Receipts

Audit of Development Expenditure of Rs132.378 million was carried out, out of the total expenditure of Rs 255.208 million and Audit of Non Development expenditure Rs 65.201 million out of the total expenditure of Rs 382.146 million for the financial years 2010-2012 was conducted, which are 52% and 17% of total development and non development expenditure, respectively. Total overall expenditure of TMAs of District Pakpattan for the financial years 2010-2012 was Rs 637.354 million, out of which overall expenditure of Rs197.579 million was audited, which is 31% of total expenditure. Therefore, there was 100% achievement against the planned audit activities.

c. Recoveries at the Instance of Audit

Recoveries of Rs33.305 million were pointed out through various audit paras and no recovery was effected till the compilation of this Report. Out of the total recoveries Rs5.287 million was not in the notice of the Executive before audit.

d. The Key Audit Findings of the Report

- i. Non Production of Record involving Rs 1.334 million was noted in one case¹
- ii. Irregularities involving Rs111.088million were noted in two cases².
- iii. Performance issues involving Rs30.930 million were noted in nine cases.³

Audit Paras on the accounts for 2010-2012 involving procedural violations including internal control weaknesses and irregularities which were not considered worth reporting to Provincial PAC, therefore have been included in Memorandum for Departmental Accounts Committee (MFDAC), (Annexure-A).

e. Recommendations

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

- i. Strengthening of internal controls
- ii. Holding of DAC meetings in time
- iii. Compliance of DAC directives and decisions in letter and spirit
- iv. Expediting recoveries pointed out by Audit as well as other recoveries in the notice of management
- v. Compliance of relevant laws, rules, instructions and procedures, etc.
- vi. Proper maintenance of accounts and production of record to audit for verification

¹ Para:1.3.1.1

² Para:1.2.1.1, 1.2.1.2

³Para:1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4, 1.2.2.5, 1.3.2.1, 1.3.2.2, 1.3.2.3, 1.3.2.4

- vii. Appropriate actions against officers/officials responsible for violation of rules and losses
- viii. Addressing systemic issues to prevent recurrence of various omissions and commissions.
- ix. Realization and reconciliation of various receipts
- x. Taking disciplinary actions for non production of record to Audit.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Budget / Expenditure
1	Total Entities (PAOs) in Audit Jurisdiction	2	986.585
2	Total formations in Audit Jurisdiction	2	986.585
3	Total Entities (PAOs)/ DDOs Audited	2	637.355*
4	Audit & Inspection Reports	2	-
5	Special Audit Reports	Nil	Nil
6	Performance Audit Reports	Nil	Nil
7	Other Reports (Relating to TMA)	Nil	Nil

*Accounts of TMAs Arifwala were audited for two years.

Table2: Audit Observations

(Rupees in million)

Sr. No.	Description	Amount Placed Under Audit Observation
1	Asset management	-
2	Financial management	30.930
3	Internal controls	-
4	Violation of rules	111.088
5	Others	1.334
Total		143.352

Table3:Outcome Statistics**Expenditure Outlay Audited (Rupees in million)**

Sr. No.	Description	Physical Assets	Civil Works	Receipts	Others	Total current year
1	Outlays Audited	12.607	255.208	290.171	369.54	927.526
2	Amount Placed under Audit Observation/ Irregularities	-	109.087	29.77	4.495	143.352
3	Recoveries Pointed Out at the instance of Audit	-	1.112	28.018	4.175	33.305
4	Recoveries Accepted/ Established at the instance of Audit	-	1.112	28.018	4.175	33.305
5	Recoveries Realized at the instance of Audit.	-	-	-	-	-

* The amount mentioned against serial No.1 in column of “Total Current Year” is the sum of Expenditure and Receipts whereas the total expenditure is Rs637.355 million for the current year.

Table4:Irregularities Pointed Out

(Rs in million)

Sr. No.	Description	Amount under Audit Observation
1	Violation of Rules and regulations and violation of principle of propriety and probity.	108.713
2	Reported cases of fraud, embezzlement, theft, misappropriations and misuse of public funds.	0
4	Quantification of weaknesses of internal control system.	0
5	Recoveries, overpayments or unauthorized payment of public money	33.305
6	Non-production of record to Audit	1.334
7	Others, including cases of accidents, negligence etc.	0
Total		143.352

CHAPTER 1

1. TEHSIL MUNICIPAL ADMINISTRATIONS, PAKPATTAN

1.1 INTRODUCTION

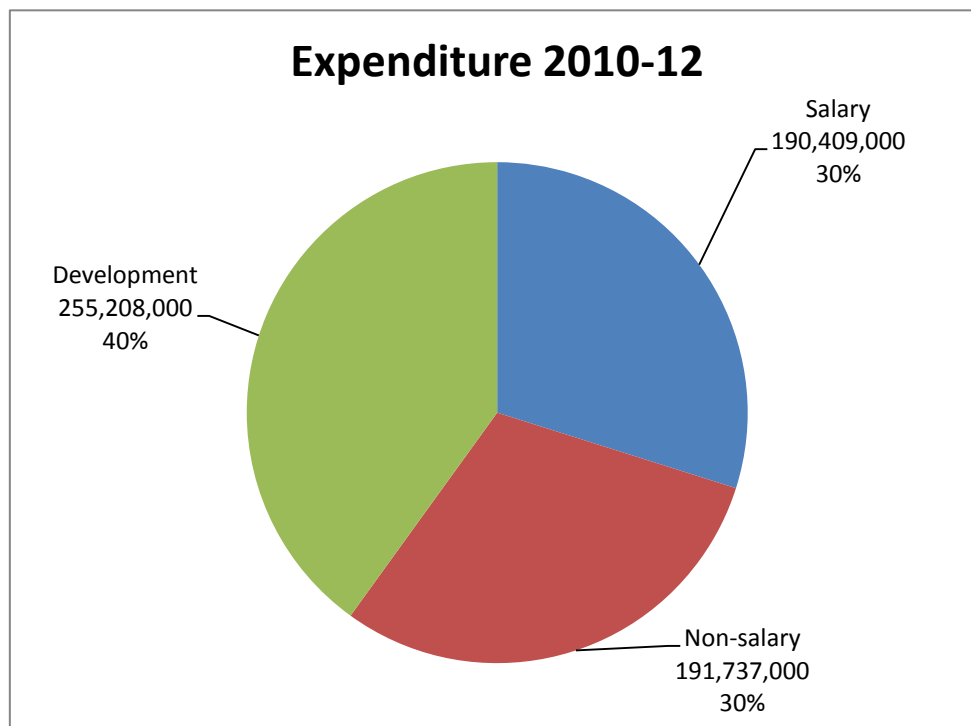
Tehsil Municipal Administration (TMA) consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officer (TMO). Each TMA comprises five Drawing and Disbursing Officers i.e. TMO, TO (Finance), TO (Infrastructure and Services), TO (Regulation), TO (Planning and Coordination) and Tehsil Nazim and Tehsil Naib Nazim. The main functions of TMAs are as follows:-

- i. Enforce all municipal laws, rules and bye-laws governing TMA's functioning;
- ii. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils;
- iii. Propose taxes, cesses, user fees, rates, rents, tolls, charges, surcharges, levies, fines and penalties under Part-III of the Second Schedule and notify the same;
- iv. Collect approved taxes, cesses, user fees, rates, rents, tolls, charges, fines and penalties;
- v. Manage properties, assets and funds vested in the Town Municipal Administration;
- vi. Develop and manage schemes, including site development in collaboration with District Government and Union Administration;
- vii. 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;
- viii. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction;
- ix. Maintain municipal records and archives

1.1.1 Comments on Budget and Accounts (Variance Analysis)

(Amount in rupees)

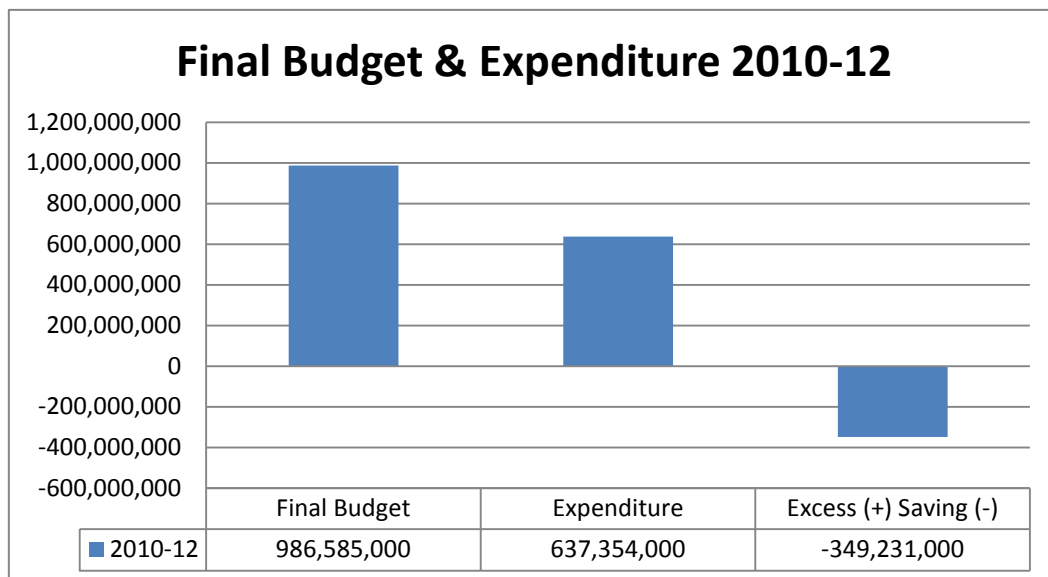
2010-12	Budget	Expenditure	Excess (+) /	%
			Saving (-)	(Saving)
Salary	211,980,000	190,409,000	-21,571,000	10%
Non-salary	263,384,000	191,737,000	-71,647,000	27%
Development	511,221,000	255,208,000	-256,013,000	-50%
Revenue	290,171,000	-	-	-
Total	1,276,756,000	637,354,000	(349,231,000)	-35%



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

As per Budget Books for the financial years 2010-12 of TMAs in District Pakpattan, original and final budgets were of Rs986.585 million. Total expenditures incurred by these TMAs during financial years 2010-12 were of Rs637.354 million. There was a saving of Rs349.231 million, the reasons for which should be provided by the PAO, Tehsil Nazims and management of TMAs.

(Amount in rupees)



1.1.2 Brief Comments on Status of Compliance with PAC/ZAC Directives

Sr. No.	Audit Year	No. of Paras	Status of PAC / ZAC Meetings
01	2009-12	19	Nil
Total		19	Nil

As indicated in the above table, no PAC/ZAC meeting was convened to discuss the audit reports of TMAs.

1.2 Tehsil Municipal Administration, Pakpattan

Audit Report

1.2.1 Irregularities & Non Compliance

1.2.1.1 Unjustified Tendering of Development Schemes -Rs109.088 million

According to Para No.12 of PPRA Rules, all procurement opportunities over two million rupees should be advertised on the PPRA's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. Further, according to Para No.13 of PPRA Rules response time under no circumstances the response time shall be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement or notice

Tehsil Municipal Officer Pakpattan advertised the development schemes costing Rs109.088 million 2011-12 in only one Urdu newspaper with response time of 10 days instead of 15 days. The TMO did not observe the codal formalities and allotted the development work to contractor without maximum participation of contractors which resulted in discouraging competition and providing benefit to some contractors. The detail is given below:

(Rupees in millions)

Name of schemes 2011-12	Estimated cost
Annual development program	88.890
M&R Schemes	7.725
Green town schemes	12.473
Total value of schemes	109.088

Audit is of the view that due to weak internal controls, unjustified tendering process for development schemes was adopted.

Unjustified tendering process resulted in violation of government rules.

The matter was reported to the DCO during December, 2012. DDO replied that tenders were called by wide publicity. Reply of the DDO is not tenable, as tenders were advertised in only one newspaper. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends action against the concerned DDO besides regularization of expenditure, under intimation to Audit.

[AIR Para No. 08]

1.2.1.2 Unjustified Purchase of Electrical Items for Street Lights– Rs2.000 million

According to Para-13 of PPRA rules, under no circumstances the response time shall be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement or notice.

Tehsil Officer (I&S) Pakpattan purchased electrical items for street lights of Rs.2.000 million without tender and proper response time during 2011-12. Audit observed the following irregularities:

1. Response time was given 7 days which is less than 15 days in violation of Para-13 of PPRA rules.
2. Procurement of electrical items was made through quotations instead of open tender.
3. Quotations were prepared in same hand writing without acknowledgement of sealed quotations.

Audit is of view that due to weak internal controls purchase of electrical items was made without observing rules.

Unjustified expenditure resulted in violation of government rules.

The matter was reported to the DCO during December, 2012. The DDO replied that purchase of electric items had been made after calling quotations and wide publicity in newspaper and payment was made at lowest competitive rates. Reply of DDO is not tenable, as advertisement was made in only one newspaper and tenders were not called. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends regularization besides fixing of responsibility against the concerned DDO, under intimation to Audit.

[AIR Para No. 20]

1.2.2 Performance

1.2.2.1 Non-Collection of Commercialization & Map Fee from Illegal Commercial Construction–Rs9.394 million

According to Rule 60 (a) of Chapter –VIII of Punjab weekly gazette 2009, conversion fee for the conversion of residential, industrial, peri-urban area or intercity service area to commercial use shall be twenty percent of the value of the commercial land as per valuation table, or twenty percent of the average sale price of preceding twelve months of commercial land in the vicinity, if valuation table is not available.

Tehsil Officer(R)& Tehsil Officer (P&C) Pakpattan did not take any action against the owners of illegal construction of residential/ commercial buildings without approval of maps. Due to non-approval of maps and collection of commercialization fee & map fee, government suffered a loss of Rs.9.394 million. **Annexure-C**

Audit is of the view that due to inefficiency of management, government receipts were not realized.

Inefficiency in collection of receipts resulted in loss to government.

The matter was reported to the DCO during December, 2012. The DDO noted observation but did not reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends fixing of responsibility against the concerned DDO besides recovery, under intimation to Audit.

[AIR Para No. 32]

1.2.2.2 Non-Collection of Commercialization Fee from Educational Institutes-Rs8.249 million

According to the Rule 60(1) (c) of the Notification No. SOR (LG)38-18/2009 dated 27th June, 2009 Punjab Land use (Classification, Reclassification and Redevelopment) Rules, 2009 fee for conversion of Residential area to educational institution area to residential use shall be ten percent of the value of the commercial land as per valuation table or ten percent of the average sales price of the preceding twelve months of commercial land in the vicinity.

Tehsil Officer (P&C) Pakpattan did not recover the conversion fee and map fee from educational institutions amounting to Rs.8.249 million during F.Y 2011-12. There were many schools running without approval of maps and payment of commercialization fee. **Annexure-D**

Audit is of the view that due to inefficiency of management, government receipts were not realized.

Inefficiency in collection of receipts resulted in loss to government.

The matter was reported to the DCO during December, 2012. DDO replied that complete survey of educational institutions was being made and area occupied by the institutions was being assessed. After that notices would be given to owners to deposit commercial fee. Reply of the DDO is not tenable, as no documentary evidence was shown in favour of his reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends fixing of responsibility against the concerned DDO besides recovery, under intimation to Audit.

[AIR Para No. 02]

1.2.2.3 Less Collection of Expenditure from Auqaf Department - Rs1.607 Million

According to Rule 2.33 of PFR Vol-I, every government servant should realized fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

Tehsil Municipal Officer Pakpattan did not recover from Auqaf Department amount on account of expenditure incurred by the TMA on the arrangement of ceremony of “Baba Farid-ud-din Ganj Shakar” during 2011-12. The darbar was under the Auqaf Department but the annual arrangements were being made by the TMA Administration at own cost which is unjustified. Due to negligence of TMA administration remaining amount of Rs.1.607 million was not collected. The detail is given below:

(Amount in rupees)

Name of ceremony	Expenditure incurred during F.Y 2011-12	Recovered from Auqaf Department	Recoverable
Baba Farid-ud-din Ganj shaker	2,347,375	740,000	1,607,375
Total recoverable			1,607,375

Audit is of the view that due to inefficiency of management, government receipts were less realized from Auqaf Department.

Inefficiency in collection of receipts resulted in loss of TMA funds.

The matter was reported to the DCO during December, 2012. DDO replied that various letters were written to Auqaf department to provide the amount as per actual expenditure made by TMA. Reply of DDO is not tenable; no documentary evidence was produced in support of his reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends recovery from the Auqaf Department, under intimation to Audit.

[AIR Para No. 06]

1.2.2.4 Loss to Government due to Non-auction of TMA Shops– Rs1.336 million

According to Rule 16 (1) (a) and (b) of Local Govt. (Property) Rules, 2003 the immovable Property shall be given on lease through competitive bidding, the period of such lease shall be up to five years at a time.

Tehsil Officer Finance Pakpattan did not re-auction 110 shops of TMA which resulted in a loss of Rs.1.336 million. Non-auctioning/ re-auctioning of shops even after two or three decades resulted in illegal occupation of government shops by the tenants. Detail is given below:

(Amount in rupees)

Sr. No.	Location of market	No. of Shop	Monthly Rent recovered per shop during 2011-12	Current market rate per month per shop during 2011-12	Difference	Duration / Months	Total Expected Loss
1	Sahiwal road	70	1320	2500	1180	12	991,200
2	Hospital road	10	990	1500	510	12	61,200
3	Old tanga stand	15	1305	2000	695	12	125,100
4	College road	10	1177	2000	823	12	98,760
5	Old sabzimandi	5	1004	2000	996	12	59,760
Total Loss sustained by TMA Rs							1,336,020

Audit is of view that due to inefficiency of management, allotments of shops were not cancelled and they were re-auctioned as per rule.

Inefficiency in non-auctioning / re-auctioning of shops resulted in loss to government.

The matter was reported to the DCO during December, 2012. DDO replied that every year there was regular increase in the rent at the ratio of 10%. Reply of the DDO is not tenable, as rent of the shop is very nominal and still less than the prevailing market rent. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends re-auctioning of the shops, under intimation to Audit.

[AIR Para No. 17]

1.2.2.5 Bogus Auction of Bakkar Mandi Fee - Rs1.245 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 Pakpattan awarded lease contract of Rs.755,000 to Mr. Nazir Ahmad (contractor) for the collection of “Bakkar Mandi fee” by fictitious auctioning process during the F.Y 2011-12 which resulted in loss to TMA of Rs.1.245 million. Detail is as under:

- i. Three auction attempts were made to auction the rights dated, 05-05-2011, 02-06-2011 and 18-06-2011.
- ii. Lease for collection of bakkar mandi fee was awarded to Mr. Nazir Ahmad of Rs.755,000 in the 3rd attempt auction but his name in list of participant was not available. The said contractor also participated in 1st and 2nd auctions and offered more than awarded amount of lease.
- iii. First auction was held on 05.05.2011, where lease was awarded to Mr. Aamir Siddique for Rs.2,000,000. Mr. Nazir Ahmad also offered Rs.1,700,000

- iv. Second auction was held on 02.06.2011, where lease was awarded to Mr. Zahid Siddique for Rs.1,825,000. Mr. Nazir Ahmad also offered Rs.1,821,000.
- v. Actually fictitious auctions were shown and fictitious notices were issued to contractors for deposit of Bakkar mandi fee for the purpose of procedural compliance.
- vi. 36 contractors participated in auction, but no security deposit of Rs.1.224 million was obtained.

(Amount in rupees)

Name of contractor	Date of auction	No. of participant	5% security deposit	Amount of lease awarded	Status
Aamirsiddique	05.05.2011	12	408,000	2,000,000	Contract awarded but shown as absconded
Zahidsiddique	02.06.2011	14	476,000	1,825,000	Contract awarded but shown as absconded
Nazir Ahmad	18.06.2011	10	340,000	755,000	Contract awarded
Total Rs.			1,224,000	4,580,000	-

Audit is of the view that due to inefficiency of management, auction was made through bogus tendering.

Inefficiency in tendering process resulted in violation of government instructions.

The matter was reported to the DCO during December, 2012. DDO replied that Mr. Nazeer Ahmad & Muhammad Ashraf, both were partners out of which one partner participated. Reply of the DDO is not tenable, as no documentary evidence was shown in support of reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends fixing of responsibility against the concerned DDO besides regularization/recovery of the amount, under intimation to Audit.

[AIR Para No. 05]

1.3 Tehsil Municipal Administration, Arifwala

1.3.1 Non Production of Record

1.3.1.1 Non Production of Vouched Accounts of Seven Star CCB – Rs1.334 million

According to Section 14 (2) of Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in charge of any office or department 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. Also, Section 14(3) of AGP Ordinance requires that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person. Further, according to Section 115 (6) Punjab Local Government Ordinance 2001, the official 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.

As per cash Book, amount of Rs.1.334 million was drawn by the Seven Star CCB during 2010-11 against unknown projects. Following record was not produced to Audit:

- i. Neither the estimates nor the expenditures were available.
- ii. No bank statement was available and shown in order to certify the deposit and utilization of 20% share of CCB.
- iii. No progress report from the sectoral office was taken about the project and 2nd installment was released.
- iv. No MBs were available in order to certify the payment against the work done.
- v. No sectoral office reports were available in order to certify the actual work done and amount was given to the CCB without certifying the actual

progress of work.

- vi. No 6% income tax of Rs.80,040/- was deducted at source.
- vii. No proceeding register of the house meeting of union councils was shown in order to certify the discussion of the house on CCB projects.

Audit is of the view that due to poor maintenance of record or intentional concealment, the record was not produced.

The non-production of record constitutes violation of government rules and legal provisions and attempt to cause hindrance in the auditorial functions of the Auditor General of Pakistan.

The matter was reported to the DCO during December, 2012. The DDO did not submit any reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends that responsibility be fixed and appropriate disciplinary action taken against the concerned DDO for non-production of record, besides production of the same for Audit scrutiny.

[AIR Para No. 07]

1.3.2 Performance

1.3.2.1 Non Recovery of Water Rate Charges, Blockage of Revenue - Rs3.089 million

According to Chapter –IV Rule 4.7(1) of Punjab Financial Rules, Vol-I, it is primarily the responsibility of the departmental authorities to see all revenue or other debts due to Government, which have to be brought to account, are correctly and properly assessed, realized and credited to Government account.

Tehsil Municipal Officer Arifwala made did not make recovery of Rs.3.089 million on account of water rate charges during 2011-12. Recovery ratio was only 40%. Due to short recovery of water rate charges a huge amount of revenue of Rs.3.089 million was blocked. No legal proceedings were made for making the recovery from the defaulters. Not a single challan was made against the defaulter, no case was sent to magistrate.

(Amount in rupees)

TotalConnections	Description	Demand	Received	Non-recovered
10328	2010-11	3858120	2481881	1376239
	2011-12	3858120	2144520	1713600
	Total	7716240	4626401	3089839

Audit is of the view that due to inefficiency of management, government receipts were not realized.

Inefficiency in collection of receipts resulted in loss to government.

The matter was reported to the DCO during December, 2012. The DDO did not submit any reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends recovery, under intimation to Audit.

[AIR Para No. 08]

1.3.2.2 Non-recovery of Rent of Shops - Rs2.605 million

According 112 of Punjab Local Government (Budget) Rules 2001, it shall be the duty of the Collecting Officer and Assistant Collecting Officer to see that all income claimable is claimed, realized and credited to the Local Fund of the Local Government. Further, according to Chapter –IV Rule 4.7(1) of Punjab Financial Rules, Vol-I, it is primarily the responsibility of the departmental authorities to see all revenue or other debts due to Government, which have to be brought to account, are correctly and properly assessed, realized and credited to Government account.

Tehsil Municipal Officer Arifwala did not recover the rent of 45TMA shops amounting to Rs.2.605 million from the tenants for the period 2010-12. Neither authorities imposed fine on them nor the efforts were made to recoup the government revenue timely. **Annexure-E**

Audit is of the view that due to inefficiency of management, government receipts were not realized.

Inefficiency in collection of receipts resulted in loss to government.

The matter was reported to the DCO during December, 2012. The DDO did not submit any reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends recovery, under intimation to Audit.

[AIR Para No. 10]

1.3.3.3 Loss to Government Due to Subletting of Shops - Rs2.000 Million

According to auction condition No.08, real lease cannot sublet the shops to other person, if he will do such, his allotment will be cancelled. Further,

according to Rule 16 (1) (a) read with (b) of Punjab local Government (property) Rules, 2003, the immovable property may be leased out in a manner prescribed i.e. the immovable property shall be given on lease through competitive bidding. The period of such lease shall be upto five years at a time.

Tehsil Municipal Administration Arifwala had 956 shops at different locations of the city. Original allottee sublet shops to the other persons, but TMO did not cancel their allotments and did not vacated shops. Original allottees were taking high rent from the sublet allottees and paying very nominal rent to the TMA. This resulted into an expected loss of Rs2.000million in 2010-12. Government neither cancelled their allotments nor got the new rates from the District Assessment Committee.

Audit is of view that due to inefficiency of management, allotments of shops were not cancelled and re-auctioned as per rule.

Inefficiency in re-auctioning of shops resulted in loss to government.

The matter was reported to the DCO during December, 2012. The DDO did not submit any reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends re-auctioning the shops, under intimation to Audit.

[AIR Para No. 11]

1.3.3.4 Loss to Government due to Departmental Receipt of Income of Bakkar Mandi Arifwala– Rs1.400million

According to Rule 76 of PDG and TMA (Budget) Rules, 2003 the Collecting Officers shall ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund. According to Rule 3 (k) of PLG (Property) Rules, 2003 the manager shall be vigilant about and to check

encroachments or wrongful occupations on Property and in case there is any encroachment or wrongful occupation take necessary steps for the removal thereof.

Bakkar Mandi Arifwala was auctioned in 2008-09 for Rs.971,505 and in 2009-10, bakkar mandi was not auctioned and departmental receipts of Rs. 338085 were made. Similarly once again in 2010-11, bakkar mandi was not auctioned and departmental receipt of Rs.438315 were made, which were less than the receipts of 2008-09. Instead of increase in revenue, it was found that due to departmental receipts, government suffered a loss of Rs.1.400 Million.

(Amount in rupees)

Period	Receipts	Net Loss	Remarks
2008-09	971,505	-	
2009-10	338,085	633,420	Departmental Receipts
2010-11	438,315	533,190	Departmental Receipts
2011-12	715,000	256,505	Auction
Total		1,423,115	

Audit is of view that due to inefficiency of management, government receipts were less realized.

Inefficiency in collection of receipts resulted in loss to government.

The matter was reported to the DCO during December, 2012. The DDO did not submit any reply. No DAC meeting was convened.

No further progress was intimated till the finalization of this Report.

Audit recommends fixing of responsibility against the concerned DDO besides recovery, under intimation to Audit.

[AIR Para No. 13]

ANNEXURES

Annexure –I

(Amount in Rupees)

Sr. #	Name of Formation	AP #	Title of Para	Amount of Audit Observation	Nature Of Audit Observation
1	TMA Pakpattan	28	Excess Payment to contractor Instead of non-execution of work at site of	71655	Misappropriation
2	TMA Pakpattan	34	Loss to government due to Non-Recovery of Rent of Land used for temporary sale points in the main areas of city	900000	Performance
3	TMA Pakpattan	13	Less recovery of water rate due to poor performance of TMA Administration	624534	Performance
4	TMA Pakpattan	1	Loss to government due to Illegal Establishment of Al-farid Garden Housing schemes without Approval and Payment of map fee, conversion fee and NOC fee	478000	Performance
5	TMA Pakpattan	16	Loss to government due to non-recovery of Rent of Shops	291233	Performance
6	TMA Arifwala	4	Excess Payment to contractor Instead of non-execution of work at site	63808	Misappropriation
7	TMA Arifwala	16	Loss to government due to Unjustified Rejection of Higher Bid Offer	452040	Performance
8	TMA Arifwala	14	Loss to government due to departmental receipt of advertisement fee	130200	Performance
9	TMA Arifwala	1,3	Excess payment to contractor by approving Higher Rates of Tuff tile in rate analysis	401799	Weak Internal Control
10	TMA Arifwala	6	Unjustified Excess Payment to the contractor	423424	Weak Internal Control
11	TMA Arifwala	2	Loss to government Due to Charging Higher Rates & Wrong Calculation of Curb Stone	151175	Weak Internal Control

Annexure – A

MFDAC PARAS

(Rupees in Million)

Sr. No.	Name of Formation	AIR Para No.	Subject	Amount Million
1	TMA Pakpattan	3	Non Collection of map fee from residential plans	0.053
2		4	Illegal construction of commercial buildings without approval of maps and conversion fee	1.093
3		7	Unjustified expenditure incurred on the ceremony of “Baba Farid-ud-din Ganj shaker”	1.894
4		9	Illegal occupation of residential quarter by the police department and recovery	0.058
5		10	Irregular expenditure by splitting sewerage schemes of green town by the TMA to avoid the approval of apex forum valuing	11.473
6		11	Irregular award of contract of sewerage schemes of high value without pre-qualification, to low category contractor	12.473
7		12	Less recovery of taxes and fee	4.518
8		14	Non-recovery of arrears	12.900
9		15	Non-conducting of realistic survey of License/ Permit fee, parking fee, map fee, cattle market fee and misappropriation of possible revenue	2.500
10		18	Non-recovery of arrear on account of rent of shops of TMA and loss to Government	1.247
11		19	Non-Recovery of Professional Tax	0.075
12		21	Unjustified procurement of Philips tube rods for street light	0.230
13		2020 2	Non-conducting of post completion evaluation of projects	114.162
14		23	Non- obtaining of Performance guarantee	0.200
15		24	Irregular purchase of mechanical sweeper on	1.245

			quotation	
16		25	Non-utilization of CCB Funds for the welfare of population	61.884
17		26	Wasteful expenditure on the purchase of main hole covers and steel frame	2.258
18		27	Non recovery of penalty Rs.394686 due to non-completion of work within stipulated time	0.395
19		29	Unjustified payment on account of earth filling without cross-section and lead map	1.078
20		30	Doubtful execution of schemes of special repair valuing	
21		31	Non-deposit of performance security before the start of work	2.628
22		33	Poor Performance of Regulation Branch due to non-imposition/ Non-deposit of Encroachment Fine	0.000
23		35	Non-submission of annual audit report by the CCBs on account of income and expenditure	0.000
24		36	Non-allocation of 1% budget for civil defense	1.142
25	TMA Arifwala	5	Loss to Government by Charging Excess Rates	0.039
26		9	Recovery of License Fee Without Survey Which Resulted Into Expected Loss	0.031
27		12	Non Auction Of Trees Of Value	1.000
28		15	Down Fall In The Income Of Bakar Mandi of Muhammad Nagar & Rang Shah Receipts	0.019
29		17	Doubtful Consumption of POL Of Sucker Machine	0.770
30		18	Doubtful expenditure on Main Holes Without Consumption Record.	5.395
31		19	Irregular/Doubtful expenditure on purchase of Electric Items Without Consumption Record.	0.394
32		20	Unjustified expenditure on Repair Transformers	1.840
33		21	Unjustified Approval of Maps by exemption Commercialization Fee	0.183
34		22	Unjustified Purchase of Store items	1.180
35		23	Unjustified / Irregular Repair of Machinery & Vehicles	0.240
36		24	Irregular Expenditure on Punjab Sports Festival	0.330
37		25	Irregular Expenditure on Parks	0.499

Annexure-B**TMA of Pakpattan District****Budget and Expenditure Statement for Financial Year 2010-2012****(Amount in Rupees)**

2010-12	Budget	Expenditure	Excess (+) /	%
			Saving (-)	(Saving)
Salary	211,980,000	190,409,000	-21,571,000	10%
Non-salary	263,384,000	191,737,000	-71,647,000	27%
Development	511,221,000	255,208,000	-256,013,000	-50%
Revenue	290,171,000	-	-	-
Total	1,276,756,000	637,354,000	(349,231,000)	-35%

Annexure-C**[Para No.1.2.2.1]****Loss to government due to Non-collection of commercialization& Map fee
from Illegal commercial construction of Rs.9.394 million**

Sr. No	Name of School & Address	Area of Building	Rate per marla	commercialization fee	Map fee	Recovery
	Virtual university	10	500000	500000	16320	516320
3	Pearl high school, kachi abadi	7	500000	350000	11424	361424
4	Alfoaz college, inside karkhana haji Khursheed	8	500000	400000	13056	413056
5	Garrison public school, Kachiabadi	7	500000	350000	11424	361424
6	Shah faisal public school, street basishareef wali	10	300000	300000	16320	316320
7	Al-farid public school, streetbasishareef wali	9	300000	270000	14688	284688
9	Quiad-e-Azam public school, mohalla Khan pur	9	300000	270000	14688	284688
10	Punjb school system mohallaeidgah	8	250000	200000	13056	213056
11	punjab school system mohallainamabad	11	250000	275000	17952	292952
12	Becon college of commerce	8	250000	200000	13056	213056
13	Justice law college	9	250000	225000	14688	239688
14	Super college of commerce	10	250000	250000	16320	266320
16	Zaviaacademy	9	250000	225000	14688	239688
17	Little angles school, gulshanfareed colony	7	500000	350000	11424	361424
18	Model public school, mohallatahliwala	8	300000	240000	13056	253056
19	Mohammadan public school, ganjshalar colony	7	300000	210000	11424	221424
21	Sir syed public school,	10	250000	250000	16320	266320

	inamabad					
22	Satluj pilot school, ganj shaker colony	9	300000	270000	14688	284688
23	Muslim public high school islam colony	11	250000	275000	17952	292952
24	Young scholars public school, mohalla basharat	10	250000	250000	16320	266320
25	Faran public school	9	250000	225000	14688	239688
26	Saadia public school	8	250000	200000	13056	213056
27	Crescent public school, mohalla zafarabad	9	300000	270000	14688	284688
28	Al-mairaj public school, mohalla zafarabad	10	300000	300000	16320	316320
29	Comprehensive public high school, machli chowk	8	250000	200000	13056	213056
30	Balancing home public school, islam colony	10	250000	250000	16320	266320
31	Cambridge college	11	300000	330000	17952	347952
32	Laureate college of commerce	8	300000	240000	13056	253056
33	City college	10	150000	150000	16320	166320
Total Recovery				7,825,000	424,320	8,249,320
Non Collection of map fee from residential plans-Rs.52, 772						
Sr. No	Name	Location	Area	Map Fee (In Rupee)	Buildi ng Fee	Total
1	Muhammad Ameen S/O Ghulam Muhammad	Chowk Araian	6588-sft	13176	500	13676
2	Sajid Saleem S/O Ghulam Hussain	Eid Gah	2450-sft	4900	500	5400
3	Adnan Farid S/O Ghulam Farid	Katcha Burj Dhakki	787-sft	1574	500	2074
4	Tahir Masood S/O Ahmad yar	Street Dr. Tanveer Wali	5180-Sft	10360	500	10860
5	Muhammad Ashfaq S/O Sabir Husssain	Eid Gah	1694-Sft	3388	500	3888

6	Haji Muhammad S/O Shahab Din	Islam Colony	937-Sft	1874	500	2374
7	Muhammad Yousaf S/O Sajawal	New Abadi Bye pass Road	1344-sft	2688	500	3188
8	Saif Ali S/O Allah Baksh	Farid Nagar	544-sft	1088	500	1588
9	Muhammad Akram S/O Ghulam Nabi	TibbaSherKot	526-sft	1052	500	1552
10	Muhammad Younas S/O Abdul Hameed	Kameer Chungi	906-sft	1812	500	2312
11	Muhammad Rashid S/O Muhammad Rafiq	Islam Colony	2680-sft	5360	500	5860
Total map fee						52,772

Sr. #	Name & Location	Name of owners	Area in marla	Commerc ialization fee	Map Fee	Recovery
1.	Show room church road	Khalid kamboh	2	30000	3264	33264
2.	Commercial Plaza, railway road	Fazal-ur-rehmanbodla	2	50000	3264	53264
3.	Shops, bijli chowk	Muhammad Irshad	1	25000	1632	26632
4.	Shops, Sahiwal road near shell petrol pump	Rao Mubarak Ali	2	50000	3264	53264
5.	Shops, Sahiwal road near jamal chowk	Ch Muhammad saleem	2	15000	3264	18264
6.	Cold store,hotta road	Mazhar Farid Watto	40	9395	97920	107315
7.	Oil factory, hotta road	Ch Muhammad Ashraf	40	6250	65280	71530
8	Poltry forms, 84/D, Sahiwal road	Muhammad Imran	20	87040	0	87040
9	Al-hamad Food factory, sahiwal road	Muhammad bilal, senior Manager	15 acre	250000	163200	413200
10	Shops, college	Muhammad Farooq	1 acre	30000	1632	31632

	road					
11	Shops, hotta road	Mehr Zulfiqar Ali	3	45000	4896	49896
12	Shops, hotta road	Ch. Muhammad Ramzan	2	80000	3264	83264
13	Shops, near GBS	Munir Ahmad	2	30000	3264	33264
14	Shops, angina chowk	Ch. Muhammad Ashraf	1	30000	1632	31632
Total recovery				737,685	355,776	1,093,461

Annexure-D**[Para No.1.2.2.2]****Non-collection of Commercialization Fee from Educational Institutes-
Rs.8.249 million**

Sr. No	Name of School & Address	Area of Building	Rate per marla	commercialization fee	Map fee	Recovery
	Virtual university	10	500000	500000	16320	516320
3	Pearl high school, kachi abadi	7	500000	350000	11424	361424
4	Alfoaz college, inside karkhana haji Khursheed	8	500000	400000	13056	413056
5	Garrison public school, Kachiabadi	7	500000	350000	11424	361424
6	Shah faisal public school, street basishareef wali	10	300000	300000	16320	316320
7	Al-farid public school, streetbasishareefwali	9	300000	270000	14688	284688
9	Quiad-e-Azam public school, mohalla Khan pur	9	300000	270000	14688	284688
10	Punjb school system mohalla eidgah	8	250000	200000	13056	213056
11	punjab school system mohalla inamabad	11	250000	275000	17952	292952
12	Becon college of commerce	8	250000	200000	13056	213056
13	Justice law college	9	250000	225000	14688	239688
14	Super college of commerce	10	250000	250000	16320	266320
16	Zavia academy	9	250000	225000	14688	239688
17	Little angles school, gulshan fareed colony	7	500000	350000	11424	361424
18	Model public school, mohalla tahliwala	8	300000	240000	13056	253056
19	Mohammadan public school, ganjshalar	7	300000	210000	11424	221424

	colony					
21	Sir syed public school, inamabad	10	250000	250000	16320	266320
22	Satluj pilot school, ganj shaker colony	9	300000	270000	14688	284688
23	Muslim public high school islam colony	11	250000	275000	17952	292952
24	Young scholars public school, mohalla basharat	10	250000	250000	16320	266320
25	Faran public school	9	250000	225000	14688	239688
26	Saadia public school	8	250000	200000	13056	213056
27	Crescent public school, Mohall azafarabad	9	300000	270000	14688	284688
28	Al-mairaj public school, mohalla zafarabad	10	300000	300000	16320	316320
29	Comprehensive public high school, machli chowk	8	250000	200000	13056	213056
30	Balancing home public school, islam colony	10	250000	250000	16320	266320
31	Cambridge college	11	300000	330000	17952	347952
32	Laureate college of commerce	8	300000	240000	13056	253056
33	City college	10	150000	150000	16320	166320
Total Recovery				7,825,000	424,320	8,249,320

Annexure-E**[Para No.1.3.2.2]****Loss to government due to non-recovery of Rent of Shops Rs.2.605 Million**

Shop No.	Name of Person	Market	Outstanding Amount
23	Charagh Din	Jinnah Chowk	41340
33	Muhammad Saif S/O Kushi Muhammad	Do	30648
37	Umar Din	Do	47196
38	Mazhar Hussain	Do	47196
46	Dogar	Do	69167
51	Muhammad Sharif	Do	73020
56	Fiaz Ahmad	Do	47916
18	Akhtar Baig	Outside Old SabziMandi	38928
50	Altaf Hussain	Do	50032
3	Rahmat-ullah S/O Muhammad Akram	Outside old saraye	75246
7	Akbar ali S/O Shahab Din	Do	44364
12	Shoukat Ali S/O Sajjawal	Do	42300
16	Arshad Ahmad S/O Karam Din	Do	42300
20	Muhammad Tufail S/O Manga	Do	82965
8	Sayed Awais Imtiaz	Adj. Old Lady Hospital	38255
3	Tahir Mehmood S/O Basheer Ahmad	MuzafabadArifwaal	67312
4	Shoukat Ali	Do	92052
1	Mian Junaid Mumtaz Joya	Old Saraye	87996
9	Muhammad Boota S/O Yaseen	Do	57744
12	Manzoor Ahmad S/O Anayat Ali	Do	50052
15	Munir Ahmad	Do	82887
19	JavedIqbal S/O Muhammad Amin	Do	57624
21	Muhammad Aslam S/O Ishaq	LakarMandi	92556
22	Muhammad Aslam S/O Ishaq	Do	32208
7	Ghulam Rasool S/O Murad Ali	Outside Bus Stand	33888
6	Mujahid Iqbal S/O Muhammad Iqbal	General Bus Stand	58836
4	Din Muhammad	New SabziMandi	30594
13	Mehr Muhammad Aslam	Do	32714
23	Basheer Ahmad Abdul Rehman	Do	23265
38	Muhammad Ramzan S/O Imam Din	Al-Falah Market	36152

50	Muhammad Tariq S/O Muhammad Din	Do	16708
71	Abdul Jabar S/O Sabir Ali	Do	21988
72	Zikr-ullah S/O Muhammad Hussain	Do	24916
82	Muhammad Shafique S/O Muhammad Sharif	Do	24575
91	Mukhtar Ahmad S/O Abdul Ghafar	Do	20932
95	Muhammad Ahsan S/O Habib-ullah	Do	24436
120	Muhammad Tariq S/O Muhammad Yousaf	Do	25876
119	Abdul Jabar S/O Ibrahim	Do	20932
8	Muhammad Abbas S/O Ghulam Rasool	LariAdda	103416
10	Nazeer Ahmad S/O Jan Muhammad	Do	103122
12	Irshad Ahmad S/O Nazeer Ahmad	Do	113430
13/A	ZafarIqbal S/O Muhammad Rasheed	Do	90360
13/B	Mukhtar Ahmad S/O Muhammad Hashim	Do	98364
4	Muhammad Boota S/O Taj Din	Do	156010
5	Muhammad Asif S/O Sabir Ali	Do	153480
Total Outstanding			2605298