



**AUDIT REPORT
ON
THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATIONS
PAKPATTAN
AUDIT YEAR 2015-16**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
CCTV	Close Circuit Television
DAC	Departmental Accounts Committee
DGA	Director General Audit
FD	Finance Department
FIR	First Information Report
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
PPRA	Punjab Procurement Regularity Authority
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)
TS	Technical Sanction
TTIP	Tax on Transfer of Immoveable Property

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 2014-15. The Directorate General of Audit, District Governments, Punjab (South), Multan conducted audit during Audit Year 2015-16 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 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 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:

(Imran Iqbal)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General of Audit, (DGA), District Governments, Punjab (South), Multan, a Field Audit Office of the Auditor General of Pakistan is mandated to carry out the audit of all District Governments in Punjab (South) including Tehsil and Town Municipal Administrations. 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.

The Regional Directorate Audit has a human resource of 27 officers and staff, constituting 6,094 mandays and the budget amounting to Rs 24.922 million was allocated in Audit Year 2015-16. 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 2014-15 and the findings are included in the Audit Report.

Each Tehsil Municipal Administration in District Pakpattan is headed by a Tehsil Nazim / Administrator who 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 2014-15, was Rs 54.545 million and expenditure incurred of Rs 43.451 million, showing savings of Rs 11.094 million. The total Non-development Budget for Financial Year 2014-15 was Rs 511.025 million and expenditure of Rs 457.039 million, showing savings of Rs 53.986 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 2014-15, auditable expenditure under the jurisdiction of Regional Director Audit, Multan was Rs 500.490 million covering two PAOs / formations. Out of this, Regional Director Audit, Multan audited an expenditure of Rs 254.104 million which, in terms of percentage, is 51% of total auditable expenditure and irregularities amounting to Rs 69.518 million were pointed out. Regional Director Audit planned and executed audit of 02 formations i.e. 100% achievement against planed audit activities.

Total receipts of the TMAs District Pakpattan for the Financial Year 2014-15, were Rs 432.036 million. RDA Multan audited receipts of Rs 120.010 million which, in terms of percentage, is 25% of total receipts and irregularities amounting to Rs 47.005 million were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 78.855 million were pointed out by Audit which was not in the notice of the management before audit. An amount of Rs 6.747 million was recovered and verified during the year 2015-16, till the time of compilation of the Report.

However, against the total recovery amount of Rs 30.842 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 Tehsil Municipal Administrations.

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. Non production of record of Rs 2.759 million was noted in one case.¹
- ii. Irregularities and non compliance of Rs 13.372 million were noted in three cases.²
- iii. Performance issues of Rs 30.842 million were noted in four cases.³

Audit Paras on the accounts for 2015-16 involving procedural violations including non-production of record, 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. Production of record to audit for verification.
- ii. Compliance of relevant laws, rules, instructions and procedures, etc. and appropriate actions against officers / officials responsible for violation of rules.
- iii. Take measures to stop illegal construction of commercial, residential buildings, industries and development of residential colonies.
- 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. Compliance of DAC directives and decisions in letter and spirit

¹ 1.2.1.1

² 1.2.2.1 to 1.2.2.3

³ 1.2.3.1 to 1.2.3.4

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Expenditure	Receipts	Total
1	Total Entities (PAOs) in Audit Jurisdiction	2	500.490	432.036	932.526
2	Total formations in Audit Jurisdiction	2	500.490	432.036	932.526
3	Total Entities (PAOs)/ DDOs Audited	2	254.104	120.010	374.114
4	Total formations Audited	2	254.104	120.010	374.114
5	Audit & Inspection Reports	2	254.104	120.010	374.114
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports (Relating to TMA)	-	-	-	-

Table 2: Audit observations regarding Financial Management

(Rupees in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	-
2	Weak financial management	30.842
3	Weak Internal controls relating to financial management	-
4	Others	16.131
Total		46.973

Table 3: Outcome Statistics

(Rupees in million)

Sr. No.	Description	Expenditure on Physical Assets	Salary	Non Salary	Civil Works	Receipts	Total current year	Total Last year
1	Total Financial Outlay	2.011	240.72	214.308	43.451	432.036	932.526	932.983
2	Outlays Audited	1.12	100.167	150.250	2.568	120.010	374.114*	182.795
3	Amount Placed under Audit Observation/ Irregularities pointed out.	-	9.596	6.535	-	30.842	46.973	61.369
4	Recoveries Pointed Out at the instance of Audit	-			-	30.842	30.842	49.029
5	Recoveries Accepted/ Established at the instance of Audit	-			-	30.842	30.842	49.029
6	Recoveries Realized at the instance of Audit.	-			-	6.747	6.747	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 254.104 million.

Table 4: Irregularities Pointed Out

(Rupees in million)

Sr. No.	Description	Amount under Audit Observation
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	13.372
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.	30.842
5	Non-production of record to Audit	2.759
6	Others, including cases of accidents, negligence etc.	-
Total		46.973

Table 5: Cost-Benefit

(Rupees in million)

Sr. No.	Description	Amount
1	Outlays Audited (Items 2 Table 3)	374.114
2	Expenditure on Audit	0.065
3	Recoveries realized at the instance of Audit	6.747
4	Cost-Benefit Ratio	104

*The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

CHAPTER 1

1.1 Tehsil Municipal Administrations, Pakpattan

1.1.1 Introduction

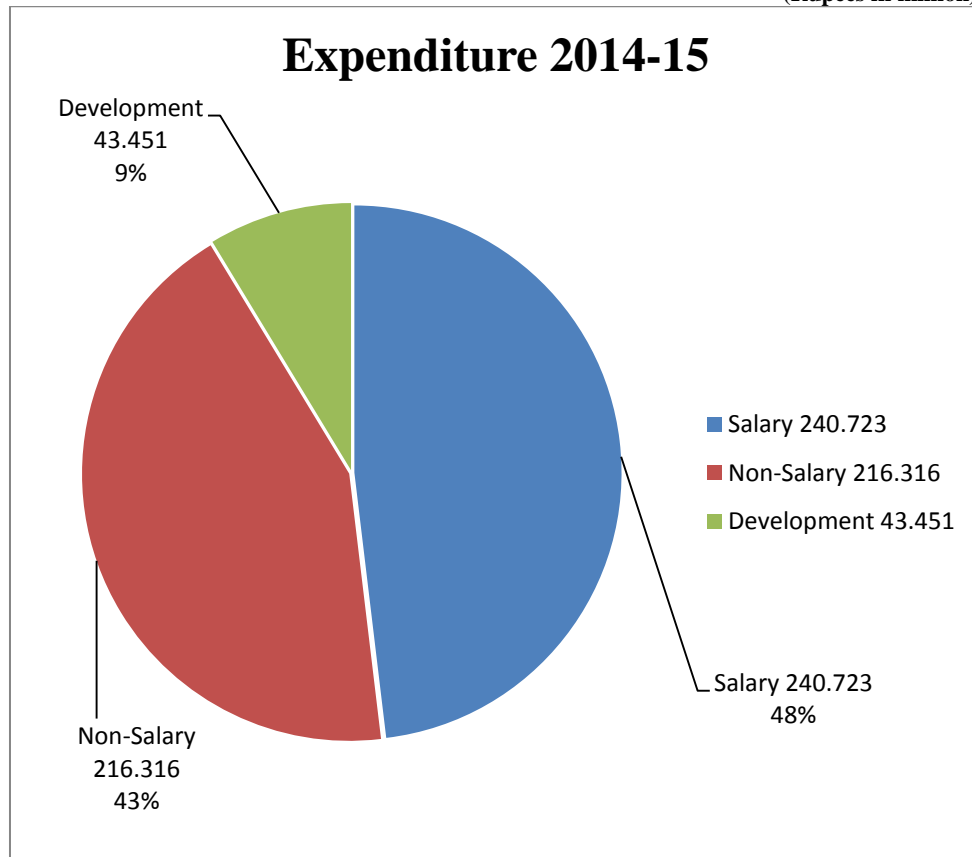
According to 1998 population census, the population of District Pakpattan is 1.286 million. District Pakpattan comprises of two TMAs namely TMA Pakpattan and TMA Arifwala. Business of each TMA is run by the Administrator and five Drawing & Disbursing Officers i.e. TMO, TO (I&S), TO (Finance), TO (P&C) and TO (Regulations) under Punjab Local Government Ordinance, 2001.

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	Saving	% Saving
Salary	265.399	240.723	24.676	9%
Non-Salary	245.626	216.316	29.310	12%
Development	54.545	43.451	11.094	20%
Sub Total	565.570	500.490	65.080	11.51%
Revenue	480.039	432.036	48.003	10%

(Rupees in million)

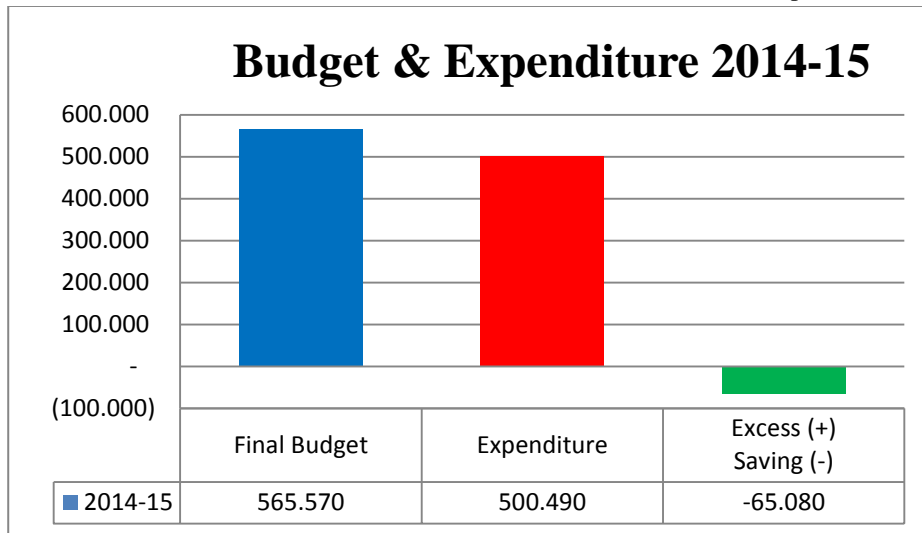


Details of budget allocations, expenditures and savings of each TMA in District Pakpattan are at **Annex-B**.

As per Budget Books for the Financial Year 2014-15 of TMAs in District Pakpattan, original and final budgets were of Rs 565.570 million. Total expenditures incurred by these TMAs during Financial Year 2014-15 were of Rs 500.490 million. A saving of Rs 65.080 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 2014-15

Audit paras, reported in MFDAC (Annex-A) of last year audit report, which have not been attended in accordance with the directives of DAC, have been reported in Part-II of Annex-A.

1.1.4 Brief Comments on 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

Sr. No.	Audit Year	No. of Paras	Status of PAC Meetings
01	2009-12	19	PAC not constituted
02	2012-13	12	PAC not constituted
03	2013-14	07	PAC not constituted
04	2014-15	07	PAC not constituted

AUDIT PARAS

1.2 Tehsil Municipal Administration, Arifwala

1.2.1 Non-Production of Record

1.2.1.1 Non-production of record of contingent bills – Rs 2.759 million

According to Clause 14 (1) (b) of the Auditor General’s (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, “The Auditor General shall in connection with the performance of his duties under this ordinance, have authority to inspect any office of accounts, under the control of Federation or of the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts”. Furthermore, according to Section 115 (6) of the Punjab Local Government Ordinance 2001 “All 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”.

TMO Arifwala did not produce record of contingent bills valuing Rs 2.759 million despite repeated requisitions of audit. **Annex-C**

Audit is of the view that due to weak internal controls, record was not produced to audit.

Non-production of record of Rs 2.759 million created doubt about the legitimacy of expenditure / record.

The matter was reported to TMO / PAO in February, 2016. The TMO admitted that the record was not produced at the time of audit. The reply of TMO was not acceptable as no action was initiated against the responsible.

DAC, in its meeting, held in March, 2016, kept the para pending for disciplinary action against the responsible. No further progress was intimated till the finalization of this Report.

Audit recommends production of record, besides, fixing of responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 47]

1.2.2 Irregularities and non compliance

1.2.2.1 Irregular appointment of contingent paid staff – Rs 9.596 million

According to Para 2 (vi) of the Government of the Punjab, Finance Department Notification No. FD.SO (GOODS)44-4/2011 dated 11th September 2014, no contingent paid staff shall be appointed without obtaining prior approval of Finance Department. Further, according to Government of the Punjab, Finance Department, Notification No.RO(Tech)FD-2-2/2001 dated 03.11.2008, appointment of work charge / daily wages employee shall be made with procedure that the post(s) shall be advertised properly in the leading newspapers and recruitment to all posts shall be made on the basis of merit specified for regular establishment.

TMO Arifwala made payment of Rs 9.596 million on account of work charge establishment during Financial Year 2014-15 out of non-development budget. The TMO appointed work charge persons without obtaining permission from Finance Department. No advertisement was made and appointments were also not made by the committee.

Audit is of the view that due to weak internal controls, irregular payment amounting to Rs 9.596 million was made on account of work charge establishment.

Irregular payment of Rs 9.596 million on account of work charge establishment resulted in violation of the Government instruction.

The matter was reported to the TMO / PAO in February, 2016. The TMO replied that it is year's long policy to hire sanitary workers on daily wages basis against the sanctioned vacant posts of TMA Arifwala due to exigency of the work. The reply of TMO was not tenable as the contingent paid staff cannot be appointed without the approval of Finance Department.

DAC, in its meeting, held in March, 2016, kept the para pending for regularization. No further progress was intimated till the finalization of this Report.

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

[AIR Para: 15]

1.2.2.2 Irregular purchase/ leasing of items by splitting- Rs 2.175 million

According to Rule 4 of the Punjab Procurements Rules, 2014 procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical. Further, according to Rule 12 (1) of Punjab Procurements Rules, 2014 procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Tehsil Municipal Administration Arifwala purchased / leased different items valuing Rs 2.175 million by splitting bills in order to keep the amount under Rs 100,000 to avoid the advertisement on PPRA's website. **Annex-D**

Audit is of the views that due to weak financial controls, purchases were made by splitting.

Irregular payment of Rs 2.175 million resulted in violation of the Government instructions.

The matter was reported to TMO / PAO in February, 2016. The TMO replied that the Punjab Procurement Rules were followed in true spirit. TMO reply was not tenable as no proof in support of reply was produced.

DAC, in its meeting, held in March, 2016, kept the para pending for regularization. No further progress was intimated till the finalization of this Report.

Audit recommends regularization, besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 24]

1.2.2.3 Irregular repair of tube-well motors and transformer - Rs 1.601 million

According to Rule 4 (ii)(a)(b) and (c) of the Punjab Delegation of Financial Powers Rules 2006, powers to sanction and incur expenditure on addition to or repairs / replacement of parts and overhauling, etc. of the machinery, tools and plants and motor vehicles subject to the restrictions that in absence of Department's own Workshop, quotations and open tenders may be invited in the following manner , small order up to Rs 10,000, Limited tender enquiry, up to Rs 0.150 million and open tender enquiry, when the estimate of repair exceeds the limit of Rs 0.150 million.

TMO, Arifwala drew Rs 1.601 million for repair of transformer, motors of tube well and disposal pumps by preparing small bills to avoid the open tenders. Neither cost of old parts was deducted from the bills nor old parts received and entered in history sheets of machineries. Committee was not constituted to examine the actual repair and to check the satisfactory repairs.

Audit is of the view that due to weak internal controls, irregular expenditure was incurred through splitting.

Splitting of expenditure of Rs 1.601 million resulted in violation of the Government rules.

The matter was reported to the TMO / PAO in February, 2016. The TMO replied that the history sheets of all pumps and motors of tube well and disposal works were maintained. All replaced parts were got returned and entered in dead stock register. The reply of TMO was not tenable as no record was produced at the time of Audit.

DAC, in its meeting, held in March, 2016, kept the para pending for regularization. No further progress was intimated till the finalization of this Report.

Audit recommends regularization besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 09]

1.2.3 Performance

1.2.3.1 Non-recovery of rent of shops – Rs 15.380 million

According to Rule 76 of PDG and TMA (Budget) Rules, 2003 the Collecting Officers to ensure that all revenue due is claimed, realized and credited immediately into the Local Government Fund. According to Rule 16 of Local Government Property Rules 2003, the immovable Property shall be given on lease through competitive bidding. The procedure prescribed in Sub Rule (2) of Rule 9, shall be followed, mutates mutandis, in case of lease of the property. The period of such lease shall be up to five years at a time; and (c) the legal occupant shall be allowed the right of first refusal of the highest bid.

TMO Arifwala, did not recover outstanding dues on account of rent of shops of Rs 13.445 million up to June 2015 from various shopkeepers / vendors running their business under the jurisdiction of TMA, Arifwala. The last auction of shops was done in year 2003, and at present rent of these shops was very less as compared to prevailing market rates. Many tenants had not paid rent since last five years, most of the shops were sublet to un-authorized persons. Further, additional construction of first floor was done without paying additional rent of Rs 1.935 million. No action had been taken by the TMA authorities against defaulters.

Annex-E

Audit is of the view that due to financial mismanagement and inefficiency, TMA receipts could not be realized.

Non-realization of revenue of Rs 15.380 million resulted in loss to the TMA funds.

The matter was reported to the TMO / PAO in February, 2016. TMO in his reply admitted recovery of rent of shops Rs 13.136 million as arrears. Out of which Rs 3.880 million was recovered during 2015-16 and Rs 9.107 million was recoverable.

DAC, in its meeting, held in March, 2016, directed to recover the amount. No further progress was intimated till the finalization of this Report.

Audit recommends recovery amounting to Rs 15.380 million, besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 4, 12, 18, 23, 44]

1.2.3.2 Un-authorized construction of colonies without map fee and conversion fee – Rs 7.459 million

According to Para 38 of the Punjab Private Housing Schemes and Land Sub-division Rules, 2010, a developer shall deposit fee for conversion of pre-urban area to scheme use at the rate of one percent of the value of the residential land as per valuation table or one percent of the average sale price of preceding twelve months of residential land in the vicinity, if valuation table is not available. Further, according to Section 146-D of the Punjab Local Government Ordinance 2001, Inspector can suspend any work, seize the goods, seal the premises, demolish or remove work and issue directions for taking corrective measures in the time specified by him.

TMO Arifwala did not recover conversion fee and map fee amounting to Rs 7.459 million from the developers of the private housing colonies constructed without prior approval of building plans. TO (P&C) neither took any action against illegal development of these schemes nor recovered the Government dues from them. Detail is given below:

(Rupees in million)

Sr. No	Name of Housing colony	Location	Area	Map fee	Conversion Fee	Total recovery
1	Green Valley Land Sub Division	Burewala road	28L K 3 marla	0.140	1.362	1.502
2	Green View Trikhiny more	Sahiwal Road	98 Kanal	0.490	1.999	2.489
3	Rehman Town	Chak No: 47/EB	66K 5M	0.083	0.702	0.785
4	Irfan Town	City Arifwala	40 K	0.050	1.600	1.650
5	Al-Jannt City	Qaboola Bye Pass	50 K	0.063	0.530	0.593
6	Al-Jannt City Phase-II	Qaboola	24 K	0.030	0.242	0.272
7	Mehmoodia Town	Chak No.21/KB	32 K	0.040	0.128	0.168
Total						7.459

Audit is of the view that due to weak financial controls, conversion fee and map fee was not recovered.

Non-recovery of conversion fee and map fee resulted in non realization of TMA's revenues amounting to Rs 7.459 million.

The matter was reported to the TMO / PAO in February, 2016. DDO replied that FIR were lodged against owners of four illegal colonies and Rs 1.351 million was recovered as fee and remaining amount is still recoverable. The reply of the DDO was not tenable as complete recovery was not made.

DAC, in its meeting, held in March, 2016, 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 this Report.

Audit recommends complete recovery of Rs 7.459 million, besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 01]

1.2.3.3 Recovery on account of unauthorized water connections— Rs 6.437 million

According to Rule 76(1) 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 Arifwala allowed water connections to various colonies in the jurisdiction of TMA Arifwala, but did not collect the water charges amounting to Rs 6.437 million against large number of illegal connections. The detail is as under:

(Rupees in million)

Name of abadies	Period	No. of connections (Approximate)	Rate of water charged per year + fine of unauthorized	Total amount of recovery.
Sattar colony	1.07.2004 to 31.12.2015	100	366 + 2,000 fine once	0.639
Green Town		130	366 + 2,000 fine once	0.783
Tikka Colony		90	366 + 2,000 fine once	0.542
Mushtaq Nagar		100	366 + 2,000 fine once	0.639
Zia Nagar		100	366 + 2,000 fine once	0.639
Mohla colony		100	366 + 2,000 fine once	0.639
Ghulam Muhammad Town		100	366 + 2,000 fine once	0.639
New Christian colony		100	366 + 2,000 fine once	0.639
Canal Colony Pakpattan Road		100	366 + 2,000 fine once	0.639
Food Grain colony		100	366 + 2,000 fine once	0.639
Total				6.437

Audit is of the view that due to weak internal controls, TMA revenues were not recovered.

Non recovery of water charges amounting to Rs 6.437 million from unauthorized connection holders resulted in loss to the TMA.

The matter was reported to the TMO / PAO in February, 2016. TMO replied that a survey was conducted and noticed that there were authorized water connections in said colonies and water rate recovery was being charged. The reply of TMO was not tenable as documentary evidences were not produced in support of reply.

DAC, in its meeting, held in March, 2016, directed the TMO to recover the amount. No further progress was intimated till the finalization of this Report.

Audit recommends recovery of water charges from the unauthorized connection holders amounting to Rs 6.437 million besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 11]

1.2.3.4 Non-collection of conversion fee for commercial unit – Rs 1.566 million

According to Rule 60(1)(a)(b)(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 commercial, industrial and educational institution area to residential as notified vide Notification No. SOR(LG) 38-18 /2009- P dated 6th June, 2012 the conversion fee for the conversion of a residential , industrial, pre urban area or intercity service area to commercial use shall be as under:

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

Provided that in case of non-availability of valuation table, the value of the land shall be as per average sales price of the preceding twelve months of commercial land in the vicinity.

TMO Arifwala recovered the less conversion fee by applying lesser rates than the applicable schedule rates. This resulted in short collection of conversion fee amounting to Rs 1.566 million. The detail is given as under:

(Rupees in million)

Sr. No.	Area	Schedule rate per Marla	Amount to be recovered	Amount recovered	Less/ Amount of recovery
1	8 marla 7 Sarsai	0.424	0.372	0.094	0.278
2	40 Marla Qaboola Road	0.242	0.968	0.726	0.242
3	37 marla Qaboola Road	0.259	0.956	0.717	0.239
4	10 Marla 8 sarsai	0.254	0.277	0.139	0.138
5	8 marla 7.5 Sarsai	0.695	0.614	0.153	0.461
6	3 marla	0.695	0.209	-	0.209
Total					1.566

Audit is of the view that due to weak internal controls, less conversion fee was recovered.

Less recovery of conversion fee amounting to Rs 1.566 million resulted in loss to the TMA.

The matter was reported to the TMO / PAO in February, 2016. DDO replied that Rs 557,000 were recovered after audit and remaining was recoverable. The reply of the DDO was not tenable as complete recovery was not made.

DAC, in its meeting, held in March, 2016 directed the TMO to expedite recovery. No further progress was intimated till the finalization of this Report.

Audit recommends recovery amounting to Rs 1.566 million, besides fixing of responsibility on the person(s) at fault, under intimation to Audit.

[AIR Para: 02]

Annex

Annex-A**Part-I****Memorandum for Departmental Accounts Committee Paras
Pertaining to Audit Year 2015-16****(Rupees in million)**

Name of District		Para No.	Subject	Amount
Pakpattan	1	1	Irregular Procurement, on quotations, in violation of PPRA Rules	2.450
	2	3	Non-collection of income tax and professional tax from the contractors	0.341
	3	5	Irregular purchase of non-schedule items without technical sanction and recovery of contractor profit	0.213
	4	6	Non deduction of liquidated damages on late supply	0.144
	5	12	Non deduction of Punjab sales tax on de-silting services	0.064
	6	13	Wasteful expenditure on account of payment of rent of electrical items	1.165
	7	14	Illegal construction of housing colonies and commercial buildings without approval.	0.000
	8	15	Non-recovery of expenditure of Urs	1.647
	9	19	Less recovery of auction amount of advertisement fee and rickshaw fee	0.463
	10	21	Non-recovery of professional tax	0.084
TMA Arifwala	11	5	Non recovery on account of enhancement fees	0.858
	12	10	Non recovery of income tax on account of auction of lorry adda and wagon stand fees	0.270
	13	13	Unjustified withdrawal of pay of work charge establishment (water supply).	0.183
	14	16	Excess rate charged in purchase of tentage items for Ramdan Bazar	0.480
	15	20	Less production of vouched account of POL by	0.707

Name of District		Para No.	Subject	Amount
			the water supply branch	
	16	37	Recovery of pay and allowances.	0.439
	17	39	Doubtful Repair of Tube Well.	0.700
	18	41	Loss due to non auction of disposed water	0.304
	19	43	Non recovery of professional tax	0.324
Total				10.836

Part-II**[Para 1.1.3]****Memorandum for Departmental Accounts Committee Paras not attended in Accordance with the Directives of DAC Pertaining to 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 due to 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	0.253
	12	30	Non-recovery of professional tax from contractors	0.06
TMA Arifwala	13	2	Loss due to poor recovery position 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 and less recovery of penalty	1.132
	17	12	Recovery of 20% overhead charges and contractor profit	0.409
	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	1.363

Formation Name	Sr. No.	Para No.	Subject	Amount
			of various items including vehicles	
	20	22	Loss due to excess payment on account of less deduction of shrinkage from earthwork	0.071
	21	23	Non deduction of professional tax	0.063
	Total			20.987

Annex-B

TMA of District Pakpattan

Budget and expenditure statement for Financial Year 2014-15

TMA Pakpattan		(Rupees in million)		
Description	Budget	Actual	Excess (+) / Saving (-)	(%) Saving
Salary	99.855	91.734	-8.121	-8%
Non Salary	151.948	132.006	-19.941	-13%
Development	20.042	12.525	-7.517	-38%
Revenue	245.246	220.722	-24.5241	-10%
Total	517.091	456.988	-60.1031	-12%
TMA Arifwala		(Rupees in million)		
Description	Budget	Actual	Excess (+) / Saving (-)	(%) Saving
Salary	165.544	148.989	-16.555	-10%
Non Salary	93.678	84.31	-9.368	-10%
Development	34.503	30.926	-3.577	-10%
Revenue	234.793	211.314	-23.479	-10%
Total	528.518	475.539	-52.979	-10%

Annex-C

[Para No.1.2.1.1]

Non-production of record of contingent bills – Rs 2.759 million

(Rupees in million)

Branch	A03202 T & T	A03304 H & C	A 03601 P.o.L	A03805 T.A	A 3901 stati;	A03940 Unfor;	A09601 Purchase Of P & M	A09802 crockery	A 13201 Repair	Total
Administration	51893	17925	0	14950	27601	11047	3335	6616	15010	0.142
TMO	64401	5755	280945	3025	32984	50070	856344 Adv;	58356 others	85556 all repair	0.143
T.O.R	153625	0	0	0	4958	27650	12631Pho;	3478 pri;	0	0.202
Total										0.487

(Rupees in million)

Date	Detail of bill drawn	Amount
14.01.2015	Purchase of Huth Rehri Sanitation branch	0.095
25.10.2014	Repair bill water supply Gao Shalla	0.384
25.10.2014	Repair bill water supply Farid Naghar Azafi Abadi	0.123
25.10.2014	Repair bill water supply Bhutta No. 01,02,03	0.172
28.11.2014	Repair bill of transformer Tube Well No. 03	0.098
28.11.2014	Repair bill of transformer Tube Well Christian colony	0.098
20.08.2014	Restoration of filtration plant 59/E.B	0.050
20.08.2014	Restoration of filtration plant 145/E.B	0.050
24.07.2014	Bill for purchase of air cooler	0.022
21.07.2014	Bill for purchase of pipe	0.020
11.08.2014	Purchase of plants Pakpattan road	0.099
13.08.2014	Purchase of bans	0.010
16.04.2015	Purchase of plants	0.048
20.08.2014	Purchase of items for Ramzan Bazar	0.098
06.09.2014	Search Light for Ramzan Bazar	0.076
30.06.2015	Purchase of Exhaust fan for Ramzan Bazar	0.050
28.01.2015	Purchase of sport items 14 August 2014	0.365
05.05.2015	Purchase of lime for football ground	0.010
08.08.2014	Purchase of flag	0.060
11.08.2014	Purchase of banse	0.049
19.11.2014	Bill for hiring of Qanat and Dala on Moharram	0.283
22.06.2015	Hire charges of vehicle	0.010
Total		2.272

Annex-D

[Para No.1.2.2.2]

Irregular purchase/ leasing of items by splitting- Rs 2.175 million

(Rupees in million)

Work order No.	Nature of payment	Amount
365(T.O I&S) dated 22.12.14	Rent of lighting and tent items Eid Milad-un-Nabi	0.195
No and date	Rent of lighting and tent items on Moharram	0.282
325(T.O I&S) dated 21.12.14	Rent of lighting and tent items on Christmas day	0.101
773(I&S) dated 19.08.14	Purchase of flag 1660 No Pakistan flag with stick size 2'x 3'	0.099
775(I&S) dated 12.08.14	Purchase of flag 1665 No Pakistan flag with stick size 2'x 3'	0.100
752(I&S) dated 07.07.14	Purchase of 175 K.G shopper bags for Ramzan Bazar	0.096
785(I&S) dated 15.07.14	Purchase of 150 K.G shopper bags for Ramzan Bazar	0.083
149(I&S) dated 27.06.15	Purchase of 500 K.G shopper bags for Ramzan Bazar	0.345
91(I&S) dated 30.10.14	Hiring of CCTV Camera	0.544
95(I&S) dated 18.12.14	Hiring of CCTV Camera	0.090
781(I&S) dated 25.08.14	Purchase panaflex	0.095
776(I&S) dated 13.08.14	Purchase panaflex	0.042
383(I&S) dated 10.02.15	Purchase panaflex	0.080
381(I&S) dated 07.02.15	Purchase panaflex	0.024
Total		2.175

Annex-E

[Para No.1.2.3.1]

Non-recovery of rent of shops – Rs 15.380 million

(Rupees in million)

Name of Market	Shops Numbers	Amount Recoverable
Main road market	01 to 265	2.131
Lorry Adda Beroon	01 to 11	0.147
Lorry Adda (Inside)	2 to 13 (C)	1.377
Lorry Adda (Inside South side)	1 to 30	1.240
Lorry Adda (Inside North side)	1 to 22	0.300
Water works M. Block.	1 to 12	0.112
Chungi No. 11 Bora road	552	0.018
City road	5 to 62	0.309
Jinnah Chowk.	4 to 84	1.413
Banoo Market	1 to 29	0.183
Old Sabzi Mandi	1 to 52	0.970
Sari Market	1 to 26	0.817
Sahara Market	1 to press club shops	0.662
Sabzi Mandi	1 to 28	0.651
Mohallah Muzuffar Abad shops	1 to 07	0.447
Old Sari New market	1 to 64 and Al-warid telecom	2.461
Muzuffar Abad (New shops)	1 to 10	0.061
Gulshan-Iqbal colony	1 to 15	0.146
Rent of Additional stories	76 numbers of shops	1.935
Grand Total		15.380