



**AUDIT REPORT
ON
THE ACCOUNTS OF
UNION ADMINISTRATIONS
CITY DISTRICT MULTAN
AUDIT YEAR 2015-16**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
DGA	Director General Audit
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
NADRA	National Database and Registration Authority
PAC	Public Accounts Committee
PDG	Punjab District Government
PLGO	Punjab Local Government Ordinance
PPRA	Punjab Procurement Regulatory Authority
RDA	Regional Directorate Audit
TAC	Town Accounts Committee
TMA	Town Municipal Administration
TMO	Town Municipal Officer
TO (F)	Town Officer (Finance)
TO (I&S)	Town Officer (Infrastructure & Services)
TO (P&C)	Town Officer (Planning & Coordination)
TS	Technical Sanction
TO (R)	Tehsil Officer (Regulations)
UAs	Union Administrations
UAC	Union Accounts Committee

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 ten Union Administrations of City District Multan for the Financial Years 2008-15. 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.

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 Director General Audit (DGA), District Governments, Punjab (South), Multan, is mandated to carry out audit of City District Governments and District Governments in Punjab (South) including Tehsil/Town Municipal Administrations and Union 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 ten UAs of City District Multan for the Financial Years 2008-15 and the findings are included in this Audit Report.

Union Administrations (UAs) in City District Multan conduct their operations under Punjab Local Government Ordinance, 2001. UAs of City District Multan comprise Union Nazim/Administrator and not more than three secretaries namely Secretary (Union Committees), Secretary (Municipal Services) and Secretary (Community Development). Administrator designates one secretary as Principal Accounting Officer (PAO). Financial provisions of the Ordinance require every Local Government to establish Public Account. Additional Secretary (Local Government and Community Development Department) in pursuance of Section 179-A of the PLGO, 2001, appointed Town Officer (Regulation) as Administrator of Union Councils falling in the respective Town Municipal Administrations vide notification No.SOR(LG)39-6/208 dated Lahore February 24th 2010. According to this notification, “the Administrators shall perform the functions and exercise the powers of the Union Nazim, Naib Union Nazim and Union Councils under the ordinance and or any other law for the time being in force”.

The total Development Budget of ten above mentioned UAs in City District Multan for the Financial Years 2008-15, was Rs 36.684 million and expenditure

incurred was of Rs 24.294 million, showing savings of Rs 12.390 million. The total Non-development Budget for Financial Years 2008-15 was Rs 116.724 million and expenditure was of Rs 72.420 million, showing savings of Rs 44.304 million. The reasons for savings in Development and Non-development Budgets are required to be provided by the PAOs concerned.

The total budget targets of receipts of ten Union Administrations for the Financial Years 2008-15 were Rs 5.703 million against which Rs 3.159 million were collected.

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

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

a. Scope of Audit

Out of total expenditure of UAs of City District Multan for the Financial Years 2008-15, auditable expenditure under the jurisdiction of Regional Director Audit, Multan was Rs 1,605.452 million covering 166 UAs. Out of this, RDA Multan audited an expenditure of Rs 96.714 million covering ten UAs/PAOs/formations which, in terms of percentage, is 6% of total auditable expenditure and irregularities amounting to Rs 97.474 million were pointed out. Regional Director Audit planned and executed audit of 10 UAs i.e. 100% achievement against the planned audit activities.

Total receipts of the 166 UAs of City District Multan for the Financial Years 2008-15 were Rs 52.434 million. RDA Multan audited receipts of Rs 3.159 million of the ten UAs selected for audit which is 6% of total receipts and irregularities amounting to Rs 942,700 were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 942,700 were pointed out by Audit which was not in the notice of the management earlier. No recovery was effected till the time of compilation of this Report.

c. Audit Methodology

Audit was conducted after understanding the business processes of UAs 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.

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 Union Administrations.

e. Comments on Internal Control and Internal Audit department

Internal control mechanism of UAs of City District Multan 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. Negligence on the part of UAs authorities may be captioned as one of the important reasons for Weak Internal Controls.

f. The Key Audit Findings of the Report

- i. Irregularities involving Rs 41.803 million were noted in four cases¹
- ii. Weaknesses of internal controls involving Rs 13.933 million were noted in four cases².

Audit Paras on the accounts for the Financial Years 2008-15 involving procedural violations including internal control weaknesses and irregularities

¹ Para 1.2.1.1 to 1.2.1.4

² Para 1.2.2.1 to 1.2.2.4

which were not considered worth reporting to Provincial PAC have been included in Memorandum for Departmental Accounts Committee (Annex-A).

g. Recommendations

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

- i. Appropriate actions against officers/officials responsible for violation of Rules
- ii. Strengthening of internal controls
- iii. Holding of DAC meetings in time
- iv. Compliance of relevant laws, rules, instructions and procedures, etc.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Expenditure 2008-15	Receipts 2008-15	Total
1	Total Entities (PAOs) in Audit Jurisdiction	166	1,605.452	52.434	1,657.886
2	Total formations in Audit Jurisdiction	166	1,605.452	52.434	1,657.886
3	Total Entities (PAOs)/ DDOs Audited	*10	96.714	3.159	99.873
4	Total Formations Audited	*10	96.714	3.159	99.873
5	Audit & Inspection Reports	*10	96.714	3.159	99.873
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports (Relating to UAs)	-	-	-	-

*All the ten Union Administrations had been audited for the Financial Years 2008-15

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	23.991
3	Weak Internal controls relating to financial management.	13.933
4	Others	17.812
Total		55.736

Table 3: Outcome Statistics

(Rupees in million)

Sr. No.	Description	Expenditure On Physical Assets	Salary	Non Salary	Civil Works	Receipt	Total Current Year	Total Last Year
1	Total Financial Outlay	160.545	770.617	240.818	433.472	52.434	1,657.886	-
2	Outlays Audited	0.783	56.782	14.855	24.294	3.159	*99.873	21.711
3	Amount placed under audit observation / irregularities pointed out	-	-	11.628	44.108	-	55.736	35.740
4	Recoveries pointed out at the instance of Audit	-	-	-	-	-	-	-
5	Recoveries accepted / established at Audit instance	-	-	-	-	-	-	-
6	Recoveries realized at the instance of Audit	-	-	-	-	-	-	-

* 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 96.714 million.

Table 4: Irregularities Pointed Out

(Rupees in million)

Sr. No.	Description	Amount placed under audit observation
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	41.803
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	Quantification of weaknesses of internal control systems	13.933
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public money.	-
6	Non production of record to Audit	-
7	Others, including cases of accidents, negligence etc.	-
Total		55.736

Table 5: Cost Benefit

(Rupees in million)

Sr. No.	Description	Amount
1	Outlays Audit (Items 2 of Table 3)	99.873
2	Expenditure on Audit	0.042
3	Recoveries realized at the instance of Audit	-
4	Cost-Benefit Ratio	-

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

CHAPTER 1

1.1 Union Administrations, City District Multan

1.1.1 Introduction

Union Administration (UA) consists of Union Nazim, Union Naib Nazim and not more than three Secretaries namely Secretary (Union Committees), Secretary (Municipal Services) and Secretary (Community Development). Each UA has one Drawing & Disbursing Officer.

There are 166 UAs in City District Government Multan out of which UAs AIR Para number 11, 55, 73, 83, 101, 104, 106, 114, 115 and 116 were audited on sample basis during 2015-16.

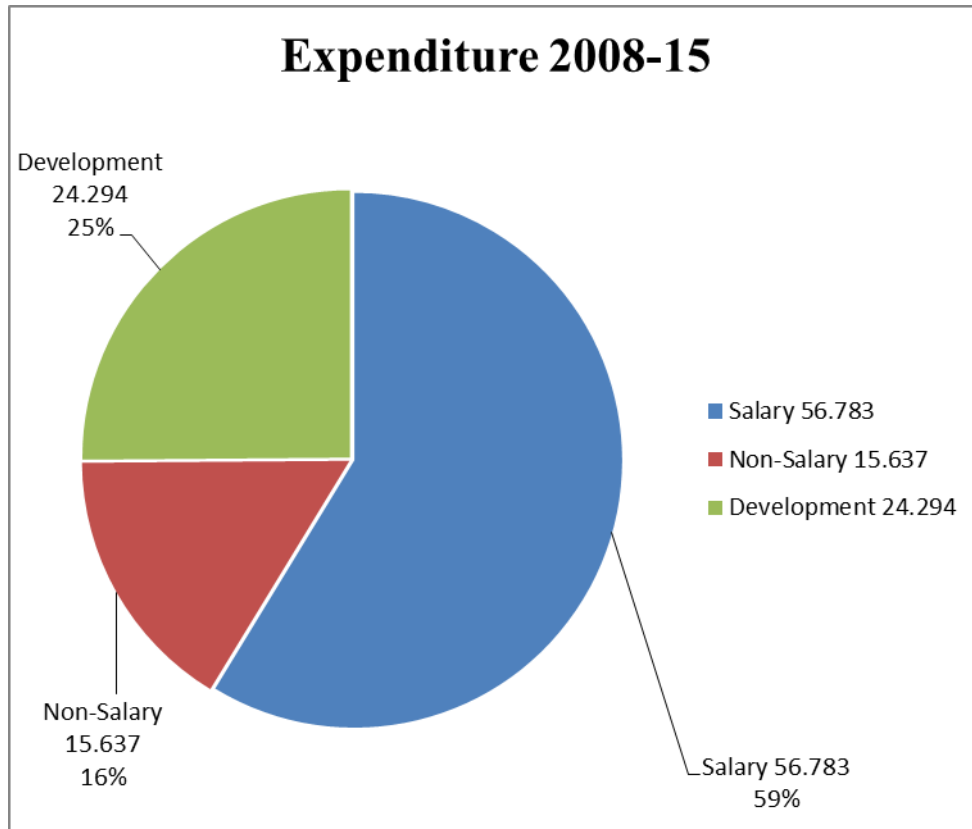
1.1.2 Comments on Budget and Accounts

The detail of budget and expenditure of ten UAs audited during 2015-16 is given below in tabulated form:

(Rupees in million)

2008-15	Budget	Actual	Savings	% Savings
Salary	87.989	56.783	31.206	35%
Non Salary	28.735	15.637	13.098	46%
Development	36.684	24.294	12.390	34%
Sub Total	153.408	96.714	56.694	37%
Receipts	5.703	3.159	2.544	45%

(Rupees in million)

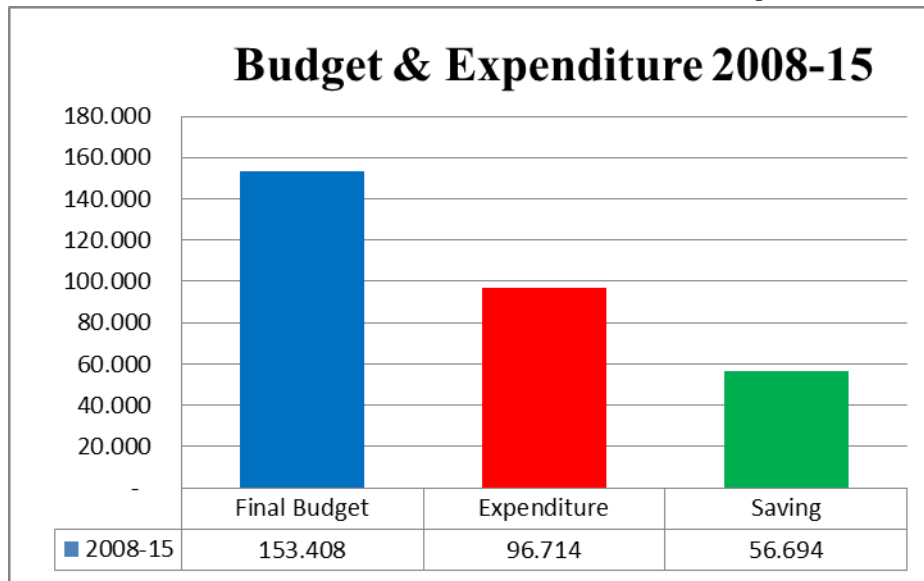


Details of budget allocations, expenditures and savings of each UA of City District Multan for the Financial Years 2008-15 are at Annex-B.

As per Budget Books for the Financial Years 2008-15 of UAs in City District Multan, the original and final budget of audited ten UAs was Rs 153.408 million. Total expenditure incurred by these UAs during Financial Years 2008-15 was Rs 96.714 million. A saving of Rs 56.694 million came to the notice of audit which shows that the UAs 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, UA Nazims and management of UAs. **(Annex-B)**

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

(Rupees in million)



1.1.3 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2013-14

Audit paras, reported in MFDAC (Annex-I) of Audit Report 2013-14, which have not been attended in accordance with the directives of DAC, have now 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 been examined by the Public Accounts Committee.

Status of Previous Audit Reports

Sr. No.	Audit Report Year	No. of Paras	Status of PAC Meetings
1	2009-12	6	PAC not constituted
2	2012-13	5	PAC not constituted
3	2013-14	6	PAC not constituted

AUDIT PARAS

1.2.1 Irregularities and non compliance

1.2.1.1 Unauthorized lump sum provision of funds – Rs 23.991 million

According to Rule 58(3) of Union Administration (Budget) Rules, 2003, no lump sum provisions shall be made in the budget the details of which cannot be explained.

Contrary to the above, following Union Administrations allocated the development funds in lump sum without the identification of projects valuing Rs 23.991 million during Financial Years 2008-15. The detail is given below:

(Rupees in million)

Sr. No	UAs No.	Period	Amount
1	11	2008-15	4.533
2	55	2009-14	1.178
3	73	2011-15	4.880
4	83	2008-15	7.980
5	101	2008-15	5.420
Total			23.991

Audit is of the view that due to weak financial management, the union administrations funds were allocated in lump sum.

Lump sum allocation of funds of Rs 23.991 million resulted in irrational budgeting and unauthorized allocation of available resources.

The matter was reported to the Union Secretaries / PAOs in April 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any 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.

[UA.11 AIR Para No. 07], [UA.55 AIR Para No. 04], [UA.73 AIR Para No. 10], [UA.83 AIR Para No. 04], [UA.101 AIR Para No. 03]

1.2.1.2 Irregular expenditure without pre-audit – Rs 11.628 million

According to Para 3 (iv) of Government of the Punjab Finance Department letter No.FD(FR)II-5/82(P) dated 29.05.2009, each TAO shall also conduct pre-audit of payments of Union Administrations falling in the jurisdiction of respective TMA.

Secretaries of following Union Administrations withdrew Rs 11.628 million for disbursement without pre-audit of vouchers during Financial Years 2008-15. The amount was withdrawn by the Nazim / Administrator and Secretary Union Administration being co-signatory from the bank account without pre-audit of vouchers from the concerned Tehsil Accounts Officer. Detail is as under:

(Rupees in million)

Sr. No	UAs No	Period	Amount
1	11	2008-15	4.073
2	55	2008-15	2.709
3	73	2012-15	4.846
Total			11.628

Audit is of the view that due to weak internal controls, the funds were withdrawn without pre-audit.

Withdrawal of funds without pre-audit of vouchers resulted in irregular expenditure of Rs 11.628 million.

The matter was reported to the Union Secretaries / PAOs in April 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress was intimated till the finalization of this Report.

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

[UA.11 AIR Para No. 09], [UA.55 AIR Para No. 05], [UA.73 AIR Para No. 11]

1.2.1.3 Irregular expenditure by splitting of development projects – Rs 5.081 million

According to Rule 5 of the Union Administration (Works) Rules, 2002, if the cost of a project included in the Annual Development Plan is more than Rs 100,000 the Union Administration may get it executed through the Tehsil Municipal Administration or the District Government as deposit work for which the funds shall be placed at their disposal. The Tehsil Municipal Administration or the District Government, as the case may be, shall be responsible to prepare the detailed estimates of the project and get them technically sanctioned in accordance with the procedure as may be specified by Government from time to time.

Secretaries of following Union Administrations incurred expenditure of Rs 5.081 million on different development projects by splitting the projects during Financial Years 2008-15. The expenditure was unauthorized as the expenditure involved on each project was more than Rs 100,000 but Union Administration split the expenditure in phases to keep it within their financial power instead of getting it executed through TMA as deposit work. The detail of expenditure is given below:

(Rupees in million)

Sr. No	UAs No	Number of Schemes	Amount
1	104	9	0.723
2	106	13	0.844
3	114	10	0.665
4	115	85	1.667
5	116	82	1.182
Total			5.081

Audit is of the view that due to weak financial controls, expenditure was incurred beyond the financial competency.

Incurring of expenditure beyond competency resulted in irregular expenditure amounting to Rs 5.081 million.

The matter was reported to the Union Secretaries / PAOs in April 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress was intimated till the finalization of this Report.

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

[UA.104 AIR Para No. 01], [UA.106 AIR Para No. 08], [UA.114 AIR Para No. 04], [UA.115 AIR Para No. 04], [UA.116 AIR Para No. 02]

1.2.1.4 Irregular expenditure without advertisement – Rs 1.103 million

According to Rule 12 (1) of the Punjab Procurement 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.

Secretary Union Administration No. 83 incurred expenditure of Rs 1.103 million on construction of soling, during Financial Years 2008-09 and 2011-12, without advertisement on PPRA's website in violation of Procurement Rules.

Annex-C

Audit is of the view that due to weak internal controls, irregular expenditure was incurred on development schemes without advertisement on PPRA's website.

Incurrence of development expenditures of Rs 1.103 million without advertisement resulted in violation of the rules.

The matter was reported to the Union Secretary / PAO in April 2016. The Secretary signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress was intimated till the finalization of this Report.

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

[AIR Para No. 1]

1.2.2 Internal Control Weaknesses

1.2.2.1 Unauthorized expenditure on civil works – Rs 5.365 million

According to Rule 4(4) (c) of the Punjab Union Administrations (Works) Rules, 2002, the Union Nazim shall release the estimated cost of the project through crossed cheques in the name of Project Committee in two equal installments. The funds so released shall be kept in an account of scheduled bank to be jointly operated by two members of the Project Committee. Before releasing the second installment a report shall be obtained by the Nazim from the Secretary of the Project Committee certifying that the amount of first installment has been incurred properly and that the progress of the work is satisfactory according to specification.

Secretaries of following Union Administrations incurred expenditure Rs 5.365 million during Financial Years 2008-15 on account of development schemes through Project Committee but neither crossed cheques in the name of Project Committee were issued nor payments made in two installments. Amounts were released for development schemes and no reports were obtained from the Secretary of the Project Committee. The detail is given as under:

(Rupees in million)			
Sr.No	UAs No.	Number of Schemes	Amount
1	104	14	0.603
2	106	23	1.007
3	114	37	0.599
4	115	276	3.156
Total			5.365

Audit is of the view that due to weak internal controls, expenditure was incurred in violation of rules.

Unauthorized issuance of cheques amounting to Rs 5.365 million resulted in violation of the Government instructions.

The matter was reported to the Union Secretaries / PAOs in April 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress was intimated till the finalization of this Report.

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

[UA.104 AIR Para No.02], [UA.106 AIR Para No.03], [UA.114 AIR Para No.05], [UA.115 AIR Para No.02]

1.2.2.2 Irregular expenditure through quotations and without technical sanction - Rs 3.981 million

According to Rule 7 (2) of the Punjab Local Governments (Contract) Rules 2003, the Nazim shall, at least seven days before entering into a contract involving an expenditure exceeding rupees ten thousand in case of Union Administration, give public notice in a newspaper inviting tenders for such contract and may accept any of the tenders so made, which appears to him the most advantageous after obtaining technical sanction from competent authority.

Secretaries of following Union Administrations incurred expenditure of Rs 3.981 million during Financial Years 2008-15 by calling simple quotations without advertisement in the newspaper for development works. The development projects were awarded on the basis of unsigned quotations in all cases without approval of technical sanction estimates from competent authority. The detail is given as under:

(Rupees in million)			
Sr. No	UAs No.	Number of Schemes	Amount
1	104	13	0.593
2	106	19	0.987
3	115	91	1.589
4	116	18	0.812
Total			3.981

Audit is of the view that due to weak internal controls, expenditure was incurred through calling simple quotations.

Irregular expenditures on simple quotations amounting to Rs 3.981 million resulted in violation to the Government rules.

The matter was reported to the Union Secretaries / PAOs in April 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress was intimated till the finalization of this Report.

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

[UA.104 Para No.03], [UA.106 Para No.04], [UA.115 Para No.03], [UA.116 Para No.03]

1.2.2.3 Irregular award of development works to single contractor – Rs 3.587 million

According to Rule 4 of Punjab Procurement Rule 2014, a procuring agency, while making any procurement, shall ensure that the procurement is made in fair and transparent manner, the object of procurement brings value for money to the procuring agency and procurement process is efficient and economical.

Secretaries of two Union Administrations incurred expenditure of Rs 3.587 million during Financial Years 2008-15 on construction of soling and culverts during Financial Years 2013-15. During the course of audit, it was observed that a single bidder executed development work by preparing three various quotations with the same hand writing. The DDO accepted rates offered by a single bidder and awarded works to single contractor as detailed below:

(Rupees in million)

Sr. No.	UA's No.	Number of Development Projects	Amount
1	73	27	1.390
2	83	25	2.197
Total			3.587

Audit is of the view that due to weak internal controls, development schemes were awarded to single contractor to avoid competition.

Award of work amounting to Rs 3.587 million without competition resulted in violation of the Government instructions.

The matter was reported to the Union Secretaries / PAOs in April 2016. The Secretaries signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress was intimated till the finalization of this Report.

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

[UA.73 AIR Para No.04], [UA.83 AIR Para No.07]

1.2.2.4 Unauthorized transfer of funds to TMA without execution of work – Rs 1 million

According to Rule 4(e) of the Punjab Union Administrations (Works) Rules, 2002, the Secretary of the Project Committee shall ensure the maintenance of the following record of each project, detailed estimates duly approved by the Union Nazim, the quotations and vouchers of all articles/materials etc. purchased by the Project Committee, duly verified by the convener of the Project Committee, Muster Roll for payment of labour charges, Stock Register, Inspection Register for each scheme and completion report verified by all members of the Project Committee.

Secretary Union Administration No. 106 transferred Rs 1 million to TMA Shujabad during Financial Year 2011-12 for the development schemes but no work was performed in the jurisdiction of Union Administration by the TMA Authority. There was no record with UA of works done with the amount of funds transferred to TMA.

Audit is of the view that due to weak internal controls, Union Administration funds were transferred to TMA without execution of work.

Transfer of funds amounting to Rs 1 million resulted in violation of the Government rules.

The matter was reported to the Union Secretary / PAO in April 2016. The Secretary signed the paras but did not submit detailed reply.

The matter was reported to Administrators for convening of DAC meetings but neither DAC meeting was convened nor any progress was intimated till the finalization of this Report.

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

[UA.106 AIR Para No.01]

Annex

Annex-A**Part-I****Memorandum for Departmental Account Committee Paras Pertaining to
Year 2015-16**

(Rupees in million)

Sr. No.	Name of Union Council	AP No.	Subject	Amount
1	11	1	Unauthorized payment on account of pay of sanitation staff	2.728
2		2	Unauthorized expenditure on civil works due to splitting	0.2
3		3	Unauthorized expenditure on execution of development works without approval of ADP	0.683
4		4	Unauthorized execution of development projects without maintenance of Form BDD-4	0.683
5		5	Non levying of licensing fee on various trades	-
6		6	Unauthorized award of tenders for works to contractors	0.699
8		8	Unauthorized transfer of funds to TMA without execution of work	1.34
10		10	Un-authorized withdrawal of pay and allowances upon wrong up-gradation	0.054
11	55	1	Misappropriation on account of filling of earth and purchase of sewerage pipes	0.158
12		2	Unjustified expenditure on sports items	0.155
13		3	Non levying of licensing fee on various trades	-
16	73	1	Unauthorized expenditure on development schemes	0.595
17		2	Unauthorized lump sum provision of development	2.93
18		3	Short allocation of CCB funds	0.75
20		5	Short allocation of funds for development	0.192
21		6	Loss to government due to non-recovery of trade license fee	0.358
22		7	Non conducting of post completion evaluation of development projects	0.743
23		8	Non reconciliation and unauthorized approval of expenditure	2.85
24		9	Misappropriation of marriage fee	0.75
25	83	2	Loss to the Government due to non-levying of licensing fee on various trades	1.05
26		3	Non deposit of income tax	0.166
27		5	Unauthorized execution of development projects	2.597

Sr. No.	Name of Union Council	AP No.	Subject	Amount
			without maintenance of Form BDD-4	
32		6	Unjustified / unauthorized expenditure on account of rent of office building and repair work	0.093
33		1	Unjustified / wasteful expenditure on refreshment charges and procurement of sports items	0.227
34	101	2	Irregular expenditure on development works due to splitting of work	0.314
35		4	Loss to the Government due to non-levying of licensing fee on various trades	1.440
36		5	Unauthorized execution of development projects without maintenance of Form BDD-4	0.633
37		6	Non production of record	0.435
38	104	4	Non maintenance of record of development schemes	0.586
39		5	Unauthorized expenditure on account of construction of culverts	0.471
40		6	Non conducting of post completion evaluation of development projects	1.098
41		7	Non submission of monthly progress report on the prescribed forms regarding development projects	0.966
42		8	Unauthorized lump sum provision for development in the budget	0.576
43		9	Unauthorized utilization of 25% share of CCBs	0.168
44		10	Non deduction of sales tax	0.084
45		11	Non deduction of income tax	0.073
46		12	Loss due to non-levying of licensing fee on various professions	-
47	106	2	Unauthorized lump sum provision for development in the budget	1.595
48		5	Non maintenance of record of development schemes	0.955
49		6	Unauthorized expenditure on execution of development works without approval of ADP	0.86
50		7	Unauthorized expenditures on civil works	0.853
51		9	Unauthorized expenditure on account of construction of soling & sewerage	0.834
52		10	Unauthorized utilization of 25% share of CCBs	0.706
53		11	Non conducting of post completion evaluation of development projects	1.573
54		12	Non submission of monthly progress report on the prescribed forms regarding development projects	1.503
55		13	Non deduction of income tax	0.11

Sr. No.	Name of Union Council	AP No.	Subject	Amount
56		14	Unauthorized withdrawal of honorarium	0.055
57		15	Non deduction of sales tax	0.046
58		16	Unauthorized expenditure on account of petrol for NADRA vehicle	0.027
59	114	1	Unauthorized lump sum provision for development in the budget	1.518
60		2	Unauthorized utilization of 25% share of CCBs	1.932
61		3	Unauthorized expenditure on execution of development works without approval of ADP	1.037
62		6	Unauthorized expenditure on quotations without technical sanction of the estimates	0.583
63		7	Unauthorized expenditure on account of civil work	0.477
64		8	Non conducting of post completion evaluation of development projects	1.396
65		9	Non deduction of income tax	0.098
66		10	Non deduction of sales tax	0.005
67		11	Loss due to non levying of licensing fee on various professions	-
68		12	Non submission of monthly progress report on the prescribed forms regarding development projects	-
69		115	1	Unauthorized lump sum provision for development in the budget
70	5		Un authorized utilization of 25% share of CCBs	0.97
71	6		Non deduction of income tax	0.26
72	7		Non deduction of sales tax	0.011
73	8		Non conducting of post completion evaluation of development projects	-
74	9		Non submission of monthly progress report on the prescribed forms regarding development projects	-
75	10		Loss due to non-levying of licensing fee on various professions	-
76	116	1	Unauthorized lump sum provision for development in the budget	1.774
77		4	Non deduction of income tax	0.112
78		5	Non deduction of sales tax	0.008
79		6	Non conducting of post completion evaluation of development projects	-
80		7	Non submission of monthly progress report on the prescribed forms regarding development	-
81		8	Loss due to non-levying of licensing fee on various professions	-

Part-II

[Para 1.1.3]

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

(Rupees in million)

Sr. No.	Name of Formation	AP No.	Title of Para	Amount of Audit Observation
1	UA No.19	5	Unauthorized expenditure on development schemes through splitting the expenditure	0.248
2	UA No.19	8	Non recovery of loans given to employees	0.11
3	UA No.23	1	Fraudulent withdrawal and non-deposit of cost of sale of NADRA security paper	0.095
4	UA No.23	3	Loss to Union Administration due to Less collection/deposit of income	0.135
5	UA No.23	4	Recovery on account of pay and allowances during absent period	0.271
6	UA No.23	13	Unauthorized expenditure beyond competency on civil works by splitting	0.646
Total				1.505
7	UC No.71	5	Non production of record	
8	UC No. 99	3	Non production of record	
9	UC No. 119	11	Non deduction of sales tax and income tax	0.525
Total				0.525

UAs of Multan District

Budget and Expenditure Statement for Financial Years 2008-15

(Rupees in million)

Sr. No.	Name of UAs	Particular	Original Budget	Final Budget	Actual Expenditure	Saving
1	UA No. 11	Salary	10.467	10.467	7.377	3.090
		Non-Salary	3.053	3.053	2.019	1.034
		Sub Total	13.520	13.520	9.396	4.124
		Development	1.018	1.018	2.054	0.000
		Total	14.538	14.538	11.450	4.124
2	UA No. 55	Salary	7.163	7.163	6.265	0.898
		Non-Salary	2.589	2.589	2.537	0.052
		Sub Total	9.752	9.752	8.802	0.950
		Development	0.696	0.696	0.172	0.524
		Total	10.448	10.448	8.974	1.474
3	UA No. 73	Salary	3.514	3.514	2.129	1.385
		Non-Salary	1.025	1.025	0.533	0.492
		Sub Total	4.539	4.539	2.662	1.877
		Development	2.342	2.342	2.184	0.158
		Total	6.881	6.881	4.846	2.035
4	UA No. 83	Salary	14.016	14.016	5.315	8.701
		Non-Salary	4.088	4.088	2.370	1.718
		Sub Total	18.104	18.104	7.685	10.419
		Development	2.363	2.363	2.154	0.209
		Total	20.467	20.467	9.839	10.628
5	UA No. 101	Salary	11.341	11.341	6.713	4.628
		Non-Salary	3.308	3.308	1.973	1.335
		Sub Total	14.649	14.649	8.686	5.963
		Development	1.103	1.103	0.638	0.465
		Total	15.752	15.752	9.324	6.428
6	UA No. 104	Salary	14.61	14.610	7.540	7.070
		Non-Salary	2.45	2.450	0.550	1.900
		Sub Total	17.06	17.060	8.090	8.970
		Development	4.090	4.090	1.200	2.890
		Total	21.150	21.150	9.290	11.860
7	UA No. 106	Salary	9.284	9.284	8.555	0.729
		Non-Salary	7.491	7.491	3.224	4.267
		Sub Total	16.775	16.775	11.779	4.996
		Development	5.491	5.491	4.826	0.665
		Total	22.266	22.266	16.605	5.661

Sr. No.	Name of UAs	Particular	Original Budget	Final Budget	Actual Expenditure	Saving
8	UA No. 114	Salary	4.218	4.218	2.529	1.689
		Non-Salary	2.165	2.165	1.388	0.777
		Sub Total	6.383	6.383	3.917	2.466
		Development	10.190	10.190	4.091	6.099
		Total	16.573	16.573	8.008	8.565
9	UA No. 115	Salary	3.632	3.632	2.572	1.060
		Non-Salary	1.606	1.606	0.663	0.943
		Sub Total	5.238	5.238	3.235	2.003
		Development	7.406	7.406	5.131	2.275
		Total	12.644	12.644	8.366	4.278
10	UA No. 116	Salary	8.664	8.664	7.787	0.877
		Non-Salary	0.750	0.750	0.380	0.370
		Sub Total	9.414	9.414	8.167	1.247
		Development	1.950	1.950	1.844	0.106
		Total	11.364	11.364	10.011	1.353
		G TOTAL	152.083	152.083	96.713	55.370

Annex-C**[Para No.1.2.1.4]****Irregular expenditure without advertisement – Rs 1.103 million**

(Rupees in million)

Sr. No.	Name of Project	Financial Year	Actual expenditure
1	Construction of soling near basti muneer abad phase-I	2008-09	0.084
2	Construction of soling near basti muneer abad Phase-II	2008-09	0.084
3	Construction of soling near basti muneer abad Phase-III	2008-09	0.084
4	Construction of soling near basti muneer abad Phase-IV	2008-09	0.084
5	Construction of soling near basti muneer abad Phase-V	2008-09	0.084
6	Construction of soling near basti muneer abad Phase-VI	2008-09	0.084
7	Construction of soling Muhammad Asghar, chah sunare wala phase-I	2011-12	0.100
8	Construction of soling Javed Akhtar, chah sunare wala phase-II	2011-12	0.100
9	Construction of soling street Mian Muhammad Hussain basti jhande wala phase-I	2011-12	0.100
10	Construction of soling street Mian Ijaz Ahmed basti jhande wala phase-II	2011-12	0.100
11	Construction of soling basti Billi wala phase-I	2011-12	0.100
12	Construction of soling basti Billi wala phase-II	2011-12	0.100
Total			1.103