



AUDIT REPORT
ON
THE ACCOUNTS OF
UNION ADMINISTRATIONS
PAKPATTAN
AUDIT YEAR 2013-14

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
DAG	Director General Audit
D&C	Demand & Collection Register
FD	Finance Department
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government and Community Development
MFDAC	Memorandum for Departmental Accounts Committee
NAM	New Accounting Model
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PDG	Punjab District Government
PLGO	Punjab Local Government Ordinance
TO (R)	Tehsil/ Town Officer Regulation
UAs	Union Administrations

PREFACE

Articles 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973 and 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of receipts and expenditure of the Local Fund and public account of Union Administrations of the Districts.

The Report is based on audit of ten Union Administrations of District Pakpattan for the Financial Years 2008-13. The Directorate General Audit, District Governments Punjab (South), Multan, conducted audit during 2013-14 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 and also the non-compliant observations which were included in Annex-I of Audit Report for the Audit Year 2008-13. Relatively less significant issues are listed in the Annex-I of the Audit Report. The Audit observations listed in the Annex-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 the need for adherence to the regularity framework besides instituting and strengthening internal controls to prevent recurrence of such violations and irregularities.

The observations included in this Report have been finalized 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 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 of 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/ Town Municipal Administrations and Union Administrations. Its Regional Directorate of Audit Multan has audit jurisdiction of District Governments, Punjab (South), Multan, carries out audit of District Governments, TMAs and UAs of six Districts i.e. Multan, Lodhran, Vehari, Sahiwal, Pakpattan and Khanewal.

The Regional Directorate has a human resource of 30 officers and staff, constituting 6,275 man days and the budget of about Rs 13.800 million per financial year. 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 the accounts of ten UAs of District Pakpattan for the Financial Years 2008-13 and the findings are included in this Audit Report.

Union Administrations (UAs), District Pakpattan conduct their operations under Punjab Local Government Ordinance 2001. UAs of District Pakpattan 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 sub section 179-A of the PLGO, 2001 appointed Tehsil officer (Regulations) as Administrator of Union Councils falling in the respective Tehsil Municipal Administrations vide notification No.SOR (LG)39-6/208 dated Lahore February 24, 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 District Pakpattan for the Financial Years 2008-13, was Rs 41.759 million and expenditure incurred was of Rs 21.894 million, showing savings of Rs 19.865 million. The total Non-development Budget for financial year 2008-2013 was Rs 53.564 million and expenditure was of Rs 32.070 million, showing savings of Rs 21.493 million. The reasons for savings in Development and Non-development Budgets are required to be provided by the Secretaries and PAOs concerned.

Audit of UAs of District Pakpattan was carried out with the view to ascertaining whether 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 (Audit of Expenditure and Receipts)

The total budget of 10 Union Administrations was Rs.95.322 million out of which Rs.41.512 million pertained to salary and Rs.12.051 million to non-salary. The development budget was Rs.41.759 million. Audit of development expenditure of Rs 13.136 million was carried out, out of the total expenditure of Rs 21.894 million and Audit of non-development expenditure Rs 9.942 million out of the total expenditure of Rs 32.070 million for the financial years 2008-2013 was conducted, which are 60% & 31 % of development and non-development expenditures, respectively. Total overall expenditure of UAs of District Pakpattan for the financial years 2008-13 was Rs 53.964 million, out of which overall expenditure of Rs22.125 million was audited, which is 41 % of total expenditure. Therefore, there was 100% achievement against the planned audit activities.

Total receipts of the concerned UAs of District Pakpattan for the Financial Years 2008-13 were Rs 2.890 million. RDA Multan audited receipts of Rs 1.445 million which is 50% of total receipts.

b. Recoveries at the Instance of Audit

Recoveries Rs 4.315 million was pointed out through various audit paras and no amount was effected till the compilation of this Report. Out of the total recoveries Rs 4.315 million was not in the notice of the Executive before audit.

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. 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.

d. Audit Impact

Significant issues like financial irregularities, non-compliance of rules and issues relating to internal controls were reported by Audit to PAOs.

e. Comments on Internal Control and Internal Audit department

Internal control mechanism of UAs of District Vehari was not found satisfactory during audit. Many instruments of Weak Internal Controls have been highlighted during the course of audit which includes some serious lapses like Bogus Withdrawal of Funds without Preparation of Vouched Accounts. Negligence on the part of UA authorities may be captioned as one of important reasons for Weak Internal Controls.

f. The Key Audit Findings of the Report;

- i. Non-production of record involving Rs 11.298 million was noted in one case¹.
- ii. Irregularities involving Rs 49.712 million were noted in four case².

Audit paras on the accounts for 2008-13 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), (Annex-A).

g. Recommendations

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

- i. Regularization besides action for lump-sum provision of development funds.
- ii. Fixing of responsibility and disciplinary action for incurring irregular expenditure.
- iii. Maintenance of proper forms, records and books of accounts and production of record.
- iv. Fixation of responsibility and action for incurring expenditure beyond competency.
- v. Action against the responsible for improper allocation of funds.

¹Para No.1.2.1.1

²Para No.1.2.2.1, 1.2.2.2, 1.2.2.3 & 1.2.2.4

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	100	156.701
2	Total formations in Audit Jurisdiction	100	156.701
3	Total Entities (PAOs) Audited	10	53.964*
4	Total formations Audited	10	53.964
5	Audit & Inspection Reports	10	53.964
6	Special Audit Reports	-	-
7	Performance Audit Reports	-	-
8	Other Reports (relating to UAs)	-	-

*All the Union Administrations had been audited for the F.Y 2008-13.

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	-
3	Weak Internal Controls relating to Financial Management	49.712
4	Others	11.298
Total		61.010

Table 3: Outcome Statistics**(Rupees in Million)**

Sr. No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Physical Assets	Civil Works	Receipts	Others	Total	Total Last Year
1	Outlays Audited	-	2.455	21.894	-	29.615	53.964*	56.999
2	Amount Placed under Audit Observation/ Irregularities	-	-	49.712	-	11.298	61.010	5.293
3	Recoveries Pointed Out at the instance of Audit	-	-	-	-	-	-	1.022
4	Recoveries Accepted/ Established at the instance of Audit	-	-	-	-	-	-	1.022
5	Recoveries Realized at the instance of Audit	-	-	-	-	-	-	-

* The amount mentioned against serial No.1 in column of "Total" is the sum of Expenditure and Receipts whereas the total expenditure was Rs 53.964 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.	-
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	If possible quantify weaknesses of internal control systems.	49.712
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public money.	-
6	Non-production of record to Audit.	11.298
7	Others, including cases of accidents, negligence etc.	-
Total		61.010

Table 5: Cost Benefit Analysis

(Rupees in million)			
Sr. No.	Description	Amount (2013-14)	Amount (2012-13)
1	Outlays Audited (Items 1 Table 3)	53.964	56.999
2	Expenditure on Audit	0.050	0.019
3	Recoveries realized at the instance of Audit	0	0
4	Cost-Benefit Ratio	0%	0%

CHAPTER 1

1.1 UNION ADMINISTRATION OF DISTRICT PAKPATTAN

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 100 numbers of UAs in District Pakpattan out of which 10 UAs were audited during 2013-14.

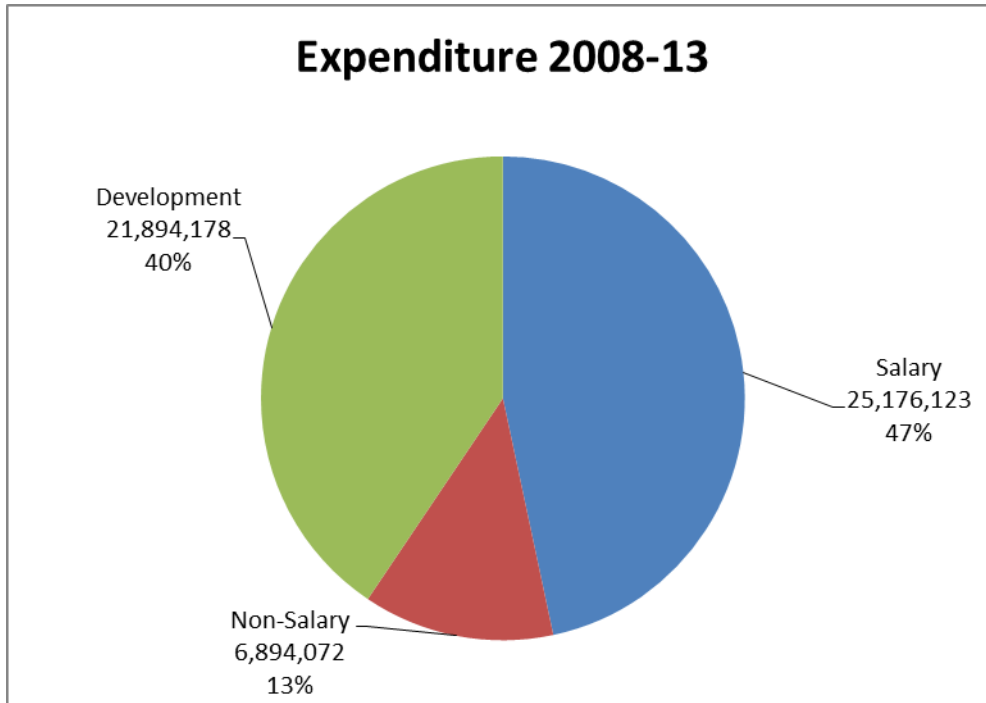
1.1.1 Comments on Budget and Accounts

The detail of budget and expenditure of UAs selected for Audit is given below:

(Amount in Rupees)

2008-13	Budget	Expenditure	Excess (+) /Saving (-)	% saving
Salary	41,512,443	25,176,123	(-)16,336,320	39%
Non-salary	12,051,320	6,894,072	(-)5,157,248	43%
Development	41,759,392	21,894,178	(-)19,865,214	48%
Revenue	2,890,000	2,890,000	-	-
Total	98,213,155	56,854,373	(-)41,358,782	43%

* Amount of Revenues Actually Realized during the periods 2008-13.

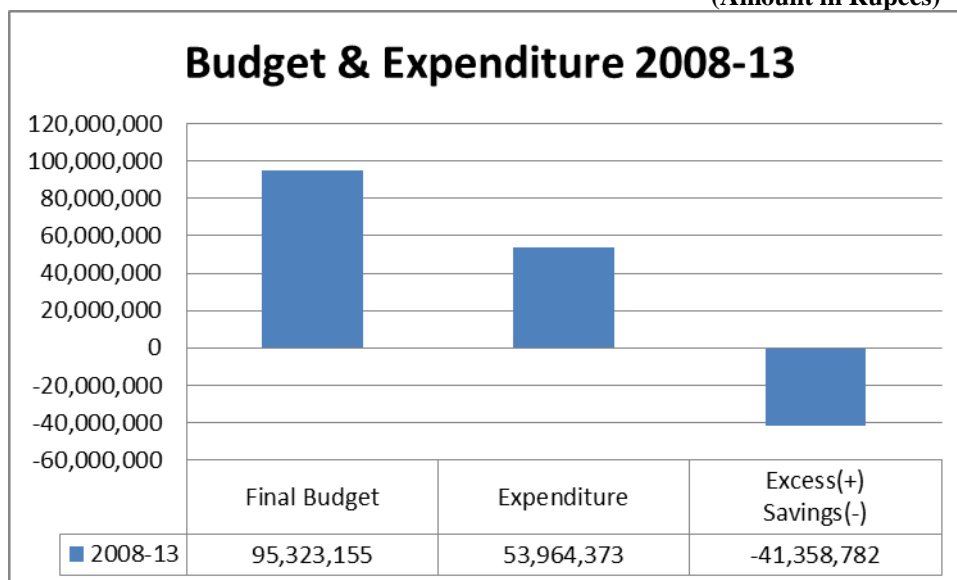


Details of budget allocations, expenditures and savings of each UA in District Pakpattan are at **Annex-B**.

As per Budget Books for the financial years 2008-13 of UAs in District Pakpattan, the original and final budgets were of Rs 95.323 million. Total expenditures incurred by these UAs during financial years 2008-13 was Rs 53.964 million. There was a saving of Rs 41.358 million, the reasons for which should be provided by the PAOs, UA Nazims and management of UAs.

The comparative analysis of the budget and expenditure of current financial years is depicted as under:

(Amount in Rupees)



There was overall saving in the budget allocations for the financial year 2008-13 are as follows:

(Amount in Rupees)

Financial Year	Budget Allocation	Expenditure	Total Saving	% of Saving
2008-13	95,323,155	53,964,373	41,358,782	43%

The justification of saving when the development schemes have remained incomplete is required to be provided by PAO.

1.1.2 Brief Comments on the Status of Paras of Audit Report of Remaining UAs Audit Year 2012-13

Paras of Audit Report of remaining UAs for the Audit Year 2012-13 have not been attended. These Paras are also reported/ included in this Report.

1.1.3 Brief Comments on the Status of Compliance on Audit Paras of Annex-1 of Audit Report 2012-13

Audit Paras reported in Annex-I of last year Audit Report have not been attended. These Paras are reported/ included at the end of this Report. (Annex-II)

1.1.4 Brief Comments on Status of Compliance with PAC Directives

S. No.	Audit Report Year	No. of Paras	Status of PAC Meeting
1	2009-12	5	Nil
2	2012-13	2	Nil
Total		7	

As indicated in the above table, no PAC meeting was convened to discuss the Audit Reports of UAs.

AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non-Production of Record – Rs 11.298 Million

According to Section 14(2) of the Auditor General’s (Functions, Powers and Terms and 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. Further, Rule 4(2) (xi) & (xii) of Punjab Union Administration (Budget) Rules, 2003 stipulates that the head of office is responsible for ensuring that the auditors are afforded all reasonable facilities in the discharge of their functions and furnished with full possible information for which they may ask and no such information or any books or other documents to which the Auditor General of Pakistan has a statutory right of access is withheld.

Secretaries Union Administrations did not produce the receipts collected by own sources and its deposit record of receipts and record of development projects worth Rs 11.298 million for the period 2008-13. Despite the repeated reminders and requisitions, the record was not produced. Necessary detail is given below.

(Amount in Rupees)

UA No.	F. Year	Dev. Expenditure	Non Salary	Receipts	Total
39	2012-13	1,069,000	366,649	0	1,435,649
48	2012-13	1,200,000	0	0	1,200,000
	2010-11	252,350	0	0	252,350
	2009-10	18,000	0	0	18,000
51	2008-09	1,543,119	0	1,371,474	2,914,593
	2010-11	513,779	0	1,529,443	2,043,222
	2012-13	207,330	0	-	207,330
	2011-12	808,820	0	2418147	3,226,967
Total		5,612,398	366,649	2418147	11,298,111

Audit is of the view that due to weak monitoring control of administrator and inefficiency of the management, the record was not properly maintained.

Non-maintenance of record resulted into concealment of facts from Audit and may cause misappropriation of government funds.

The matter was reported to Union secretaries in April, 2014. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends production of complete record of receipts, development and non-development expenditure, besides strict disciplinary action against responsible, under intimation to Audit.

[UA-39 Para: 12]

[UA-48 Para: 2]

[UA-51 Para: 1]

1.2.2 Irregularities and Non compliance

1.2.2.1 Unauthorized Block Allocation of Funds for Development Activities – Rs 31.070 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.

Secretaries of Union Administrations Pakpattan made lump sum provision of development budget of Rs31.070 million for development activities during 2008-13 without indicating detail of schemes, their cost and geographical location, in violation of the above rule. The detail is given below

(Amount in Rupees)

Union Administration No.	Lump sum allocation of Development Funds					Total
	2008-09	2009-10	2010-11	2011-12	2012-13	
35	0	0	1,712,000	1,875,000	1,430,737	5,017,737
37	1,154,065	1,393,000	1,500,000	1,537,500	2,000,000	7,584,565
39	0	0	1,540,000	1,425,000	1,833,000	4,798,000
48	1,000,000	1,110,000	1,500,000	1,504,000	2,000,000	7,114,048
51	1,180,000	1,073,000	1,663,000	0	2,640,000	6,556,000
Total	3,334,065	3,576,000	7,915,000	6,341,500	9,903,737	31,070,350

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

Lump sum allocation of funds resulted in irrational budgeting and defective allocation of available resources.

The matter was reported to Union secretaries in April, 2014. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends action against the concerned, besides regularization from Secretary (LG&CD), under intimation to Audit.

[UA-35 Para: 0]

[UA-37 Para: 0]

[UA-39 Para: 0]

[UA-48 Para: 0]

[UA-51 Para: 0]

1.2.2.2 Unauthorized Expenditure by Splitting up Indents on Development Schemes - Rs 8.265 Million

According to Rule 3 of Punjab Union Administrations (Works) Rules, 2002, the Union Administration shall be competent to get the works executed through Project Committees without approval of the Union Council where the project costs up to Rs. 5,000/-, and with approval of the Union Council where the project costs up to Rs. 100,000/-. Further, according to Rule 4 of Punjab Union Administrations (Works) Rules, 2002 in case of a project having cost less than Rs. 100,000/- the Union Administration may execute the project at its own either by contracting out to the private sector or through a Project Committee having the following composition:

- (i) Union Nazim of the concerned Union Administration Convener
- (ii) Naib Union Nazim. Member
- (iii) Three Councilors including one Member Female elected by the Union Council
- (iv) Union Secretary Member / Secretary (Municipal Services)

Union Administration Nos.8,18,23,35,37,39 & 51 of District Pakpattan incurred expenditure of Rs 8.265 million on development schemes through splitting the expenditure in phases just to keep the expenditure within competency. The detail is as under:

UA No	Para No	Rs in Millions
8	1	1.639
18	1	1.628
23	1	1.007
35	2	1.298
37	4	0.798
39	5	0.895
51	5	1.000
Total		8.265

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

Unauthorized expenditure resulted in violation of government instructions.

The matter was reported to Union Secretaries in April, 2014. The Secretaries signed the audit observations but did not submit detailed reply except UA No.18. But no relevant record was produced to justify the reply. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends action against the concerned, besides regularization from Secretary (LG&CD), under intimation to Audit.

[UA-8 Para: 01]

[UA-18 Para: 1]

[UA-23 Para: 1]

[UA-35 Para: 2]

[UA-37 Para: 4]

[UA-39 Para: 5]

[UA-51 Para: 5]

1.2.2.3 Unauthorized Expenditure on account of Development Schemes – Rs 6.069 Million

According to Rule 32 of the Punjab Local Governments (Accounts) Rules, 2001, same vigilance shall be exercised in respect of expenditure from the Local Fund as a person of ordinary prudence would exercise in respect of his own money. Further, according to Rule 29 of the Punjab Local Governments (Accounts) Rules, 2001, every Drawing and Disbursing Officer signing and authorizing the payments on account of salaries and bonus, contingent account, works bill, grants bill and traveling allowance bill shall be personally responsible for any erroneous payment and claim of bill.

Union Administration Nos.35,37,39,48 & 51 of District Pakpattan incurred expenditure of Rs 6.069 millions on account of development schemes in various streets. The detail is as under:

(Rupees in Million)		
UA No	Para No	Amount
35	9	1.609
37	8	1.609

39	1	0.869
48	3	0.561
51	10	1.421
Total		6.069

The expenditure was unauthorized due to following reasons:

1. Completion certificate as required under Rule (4) (g) of Union Administrations (Works) Rules 2002 and Inspection register as required under Rule (4) (e) (v) of Union Administrations (Works) Rules 2002 were neither found available in the record nor produced on demand.
2. Measurement Book was not shown to Audit.
3. Development projects were not prepared on Form BDD-4.
4. The actual payee's receipts showing the disbursement of payment was neither found available in the record nor produced on demand.
5. The project was split up in two or three parts to remain within the financial competency of the Project Committee which was against the provision of Rule 5 of the Punjab Union Administration (works) Rules, 2002.
6. Proof of deposit of Income Tax amounting Rs 424,587 was not shown to Audit by Union Administration Nos.37,39,48 & 51.
7. No site plan was prepared.
8. Dateless bills of one shop and amounts remained below Rs 10,000 each time.

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

Unauthorized expenditure resulted in violation of government instructions.

The matter was reported to Union secretaries in April, 2014. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends action against the concerned, besides regularization from Secretary (LG&CD), under intimation to Audit.

[UA-35 Para: 09]

[UA-37 Para: 8]

[UA-39 Para: 01]

[UA-48 Para: 03]

[UA-51 Para: 10]

1.2.2.4 Irregular Expenditure on Civil Works by issuing Single Cheque – Rs 4.308 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 cross Cheque 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 as per provisions of Rule 39 of the Punjab Local Governments (Accounts) Rules, 2001. 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 Union Administrations Nos.8,18,23,25,&30 of District Pakpattan issued one cheque in the favor of project committees for Rs 4.308 million. The whole payment of scheme was issued in lump sum without obtaining the report on completion of work. The payment was made in advance and project was completed later on. The payment in one installment and in advance resulted in violation of government rules.

UA No	Para No	Rs in Millions
8	2	1.121
18	3	0.220
23	1	0.992
25	2	0.845
30	1	1.130
Total		4.308

Audit is of the view that due to weak internal control funds were in lump sum and in advance.

Advance release of funds place the government funds at risk.

The matter was reported to Union Secretaries in April, 2014. The Secretaries signed the audit observations but did not submit detailed reply except UA No.18 & 25. But reply was not tenable as issuance of single cheque was violation of rules which was not justified. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends action against the concerned, besides regularization from Secretary (LG&CD), under intimation to Audit.

[UA-08 Para: 02]

[UA-18 Para: 03]

[UA-23 Para: 02]

[UA-25 Para: 02]

[UA-30 Para: 01]

**Paras of Audit Reports of
Remaining UAs for the Audit Year
2012-13**

1.3.1 Non-Production of Record

1.3.1.1 Non-Production of Record – Rs 1.928 Million

According to Section 14(b) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, read with Section 115(6) of the PLGO, 2001, the officials shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with all reasonable expedition.

Union Administration Nos. 41 and 52 Arifwala, District Pakpattan did not produce the vouched accounts of Rs 1.928 million for Audit scrutiny. The detail is in **Annex-C**.

(Amount in Rupees)

AIR Para No.	Fin. Year	Union Administration No.	Amount
01	2010-12	Union Administration No. 41	854,555
04	2008-09	Union Administration No. 52	1,073,620
Total			1,928,175

Audit is of the view that due to weak internal controls, vouched accounts were not maintained for Audit scrutiny.

Non production of auditable record resulted in violation of government instructions.

The matter was reported to Union secretaries in April, 2013. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends action against the concerned for non production of auditable record, besides production of record, for Audit scrutiny.

[UA-41 Para No. 01]

[UA-52 Para No. 04]

1.3.2 Irregularities and Non-Compliance

1.3.2.1 Unauthorized Lump-sum Provision of Funds – Rs 23.057 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.

Secretaries Union Administrations allocated the development funds in lump sum without the identification of projects amounting to Rs 23.057 million during 2008-11. Such allocation was irregular and contradictory to the instructions of the government.

(Amount in Rupees)

Union Administration No.	Allocation
38	2,863,500
41	6,510,000
43	5,615,500
46	2,817,000
52	5,251,000
Total	23,057,000

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

Lump sum allocation of funds resulted in irrational budgeting and defective allocation of available resources.

The matter was reported to Union secretaries in April, 2013. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends regularization, besides inquiry into the matter, under intimation to Audit.

[UA-38 Para: 1]

[UA-41 Para: 2]

[UA-43 Para: 2]

[UA-46 Para: 1]

[UA-52 Para: 1]

1.3.2.2 Unauthorized Expenditure on Execution of Development Works –Rs 4.006 Million

According to Union Administration (Works) Rules, 2002, Rule (4) (e) and (f), Inspection register for each scheme should be maintained. All members of the Project Committee shall periodically inspect the project and check the quality of work and the project committee shall prepare and submit the completion certificate in respect of each project separately in the Proforma prescribed by Communication and Works Department.

Secretaries Union Administrations incurred an expenditure of Rs 4.006 million on development schemes during the period 2008-09 as detailed below:

(Amount in Rupees)		
Union Administration No.	Period	Amount
38	2008-09	868,000
41	2008-09	969,900
43	2008-09	1,092,000
46	2008-09	1,076,000
Grand Total		4,005,900

Audit observations on the above expenditure are given below:

1. The projects were executed without the administrative approval of Nazim separately issued on record and without the proper project wise approval of local council along with the financial estimate of each project. The expenditure was made on development project without preparation of ADP during 2008-11.
2. The executing agency had not sent even a single monthly progress report on prescribed form of BM-5 and BM-7 in first week of every following month during the entire period of ten years of devolution.

3. No inspection register was maintained. Neither the individually prepared inspection Report was shown to Audit nor separate inspection Proforma was prepared.
4. The completion report of development funds was not signed by all the members of the project committee. The funds were withdrawn without opening of bank account.
5. No APRs of the laborers were obtained.

Audit is of the view that due to weak financial management, the union funds were misappropriated/ misused.

Misappropriation of government funds resulted in doubtful execution of development works and loss to union funds.

The matter was reported to Union secretaries in April, 2013. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends inquiry of the matter at appropriate level and action against the responsible, under intimation to Audit.

[UA-38 Para: 5]

[UA-41 Para: 6]

[UA-43 Para: 6]

[UA-46 Para: 3]

1.3.2.3 Unauthorized Purchase of Computer and UPS for - Rs 2.558 Million

According to Rule 12 (2) & 13 (1) of the Punjab Procurement Rules, 2009, 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. The procuring agency may decide the response time for receipt of bids or proposals. However, 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.

Union Administrations Arifwala District Pakpattan purchased 30 computers and UPS for Rs 2,557,530. The purchase committee consisted of District Officer (Revenue), Tehsil Officer (Regulation) and District Officer (NADRA) CRMS Pakpattan. The committee was constituted for purchase of 30 Nos. of computers for the Union Councils of Tehsil Arifwala including Union Administration No. 38, 41, 43 and 46. The Administrative Approval for purchase of computer systems and UPS was given by DCO Pakpattan for only Tehsil Pakpattan and purchase of computer systems for Tehsil Arifwala on the basis of such Administrative Approval was unjustified. The purchase was uneconomical as the whole purchase was made through simple quotations instead of open tender enquiry in violation of above rules.

Audit is of the view that due to weak internal controls, proper purchase procedure was not adopted for economical purchase and unauthorized expenditure was incurred.

Unauthorized expenditure resulted in violation of government instructions.

The matter was reported to Union secretaries in April, 2013. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends action against the concerned for unauthorized and uneconomical expenditure, besides recovery and regularization from the competent authority, under intimation to Audit.

[UA-38 Para: 08]
[UA-41 Para: 10]
[UA-43 Para: 10]
[UA-46 Para: 09]

1.3.2.4 Unauthorized Expenditure on Development Schemes through Splitting of Expenditure -Rs 2.059 Million

According to Rule 4 (5) of Punjab Union Administrations (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.

Union Administrations Arifwala District Pakpattan incurred expenditure of Rs 2.059 million on development schemes through splitting the expenditure just to keep the expenditure within competency. The detail of expenditure is as under:

(Amount in Rupees)			
AIR Para No.	Union Administration No.	Financial Year	Total Expenditure
4	38	2008-09	451,500
5	41	2008-09	573,500
5	43	2008-09	611,000
5	46	2011-12	422,640
Total			2,058,640

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

Unauthorized expenditure resulted in violation of government instructions.

The matter was reported to Union secretaries in April, 2013. Despite written requests, management neither submitted reply nor convened the DAC meeting.

Audit recommends action against the concerned for unauthorized expenditure, besides recovery and regularization from the competent authority, under intimation to Audit.

[UA-38 Para: 4]

[UA-41 Para: 5]

[UA-43 Para: 5]

[UA-46 Para: 5]

ANNEX

Annex-I**(Rupees in Million)**

Name of Formations	Sr No	AIR Para No	Title of Para	Amount
UA No.08	1	7	Non-deduction of income Tax	0.034
UA No.18	2	9	Non-deduction of income Tax	0.021
UA No.23	3	10	Non-deduction of income Tax	0.035
UA No.25	4	7	Non-deduction of income Tax	0.029
UA No.030	5	8	Non production of proof of deposit of Income Tax	0.04
UA No.37	6	7	Irregular Expenditures on account Repair of Streets and Culverts	0.402
UA No.39	7	13	Non-deduction and non-deposit of income tax on the Development Projects	0.183
UA No.48	8	8	Non Deduction of Overhead Charges	0.138
Audit Paras 2nd Phase A.Y 2012-13				
UC. No. 38	9	6	Non Deduction of Income Tax and Overhead Charges Rs 130,988	0.131
UC. No. 41	10	7	Non Deduction of Income Tax Rs 111,802	0.112
UC. No. 41	11	8	Non Deduction of Overhead Charges Rs 94,950	0.095
UA No.43	12	7	Non Deduction of Income Tax Rs 105,713	0.106
UA No.43	13	8	Non Deduction of Overhead Charges Rs 109,200	0.109
UA No.46	14	7	Non Deduction of Overhead Charges Rs 194,306	0.194
UA No.46	15	8	Non Deduction of Income Tax Rs 116,583	0.117
UA No.52	16	5	Non Deduction of Income Tax Rs 123,011	0.123
UA No.52	17	6	Non Deduction of Overhead Charges Rs 107,362	0.107
Total				1.976

Annex-II**Non Compliant Paras of Annex-I for the year 2012-13****(Rupees in Million)**

Name of Formations	Sr No	AIR Para No	Subject	Amount	Nature
UA No.12,14	1	1, 1	Misappropriation of Nikkah fees	0.727	Fraud
UA No.11,12	2	4, 4	Unauthorized Expenditure by Splitting the Projects in Phases	0.684	Fraud
UA No.11,12, 14	3	2, 2, 5	Non-Deduction of Income Tax	0.201	Irregularity
Total				1.612	-

Annex-A

MFDAC Paras

(Rupees in Million)

Sr No	Name of Formations	AIR Para No	Title of Para	Total
1	UA No.08	6	Excess payment of rates in civil work	0.074
2	UA No.18	6	Excess payment of rates in civil work	0.039
3	UA No.23	6	Excess payment of rates in civil work	0.062
4	UA No.25	6	Excess payment of rates in civil work	0.046
5	UA No.30	6	Excess payment of rates in civil work	0.086
6	UA No.35	4	Unauthorized /Doubtful Payments without Pre-Audit	0.504
7	UA No.37	7	Irregular Expenditures on account Repair of Streets and Culvert	0.402
8	UA No.39	8	Misappropriation of funds on Account of Repair of Culverts	0.734
9	UA No.48	1	Misappropriation of Funds on account of Repair of Culverts through Bugus Records	1.22
Draft Audit Paras Phase-II A.Y 2012-13				0
10	UC. No. 38	2	Short Allocation of Funds for CCBs – Rs 0.425 Million	0.425
11		3	Unauthorized Expenditure of CCB Funds	0.6
12		7	Recovery of Excess Withdrawal	0.145
13	UC. No. 41	3	Short Allocation of Funds for CCBs – Rs 1.218 Million	
14		4	Unauthorized Expenditure of CCB Funds	1.368
15		9	Doubtful Expenditure on Repair of Culverts	0.264
16	UA No.43	1	Misappropriation of Funds on account of Repair of Culverts	0.67
17		3	Short Allocation of Funds for CCBs – Rs 1.270 Million	1.270
18		4	Unauthorized Expenditure of CCB Funds	1.063
19		9	Recovery of Excess Withdrawal	0.124
20		11	Loss to Government due to Theft of	0.045

Sr No	Name of Formations	AIR Para No	Title of Para	Total
			Computer	
21	UA No.46	2	Unauthorized Expenditure of CCB Funds	1.697
22		4	Fictitious payment without execution of repair work of culverts	0.867
23		6	Short Allocation of Funds for CCBs – Rs 0.235 Million	0.235
24	UA No.52	2	Short Allocation of Funds for CCBs – Rs 0.425 Million	0.425
25		3	Unauthorized Expenditure of CCB Funds	1.111
Total				9.139

UAs of Pakpattan District

Budget and Expenditure Statement for Financial Years 2008-2013

(Amount in Rupees)

Sr. No	Name	Particulars	Original Budget	Supplementary Grant	Final Budget	Actual Expenditure	Excess/Saving(Rs)
1	UA No. 08	Salary	4,317,136	-	4,317,136	3,162,677	1,154,459
		Non Salary	822,503	-	822,503	184,358	638,145
		Sub-Total	5,139,639	-	5,139,639	3,347,035	1,792,604
		Development	3,000,000	-	3,000,000	2,758,610	241,390
		Total	8,139,639	-	8,139,639	6,105,645	2,033,994
2	UA No. 18	Salary	4,291,230	-	4,291,230	2,425,325	1,865,905
		Non Salary	1,004,700	-	1,004,700	361,235	643,465
		Sub-Total	5,295,930	-	5,295,930	2,786,560	2,509,370
		Development	3,000,000	-	3,000,000	2,468,864	531,136
		Total	8,295,930	-	8,295,930	5,255,424	3,040,506
3	UA No. 23	Salary	4,039,000	-	4,039,000	3,805,591	233,409
		Non Salary	472,779	-	472,779	217,460	255,319
		Sub-Total	4,511,779	-	4,511,779	4,023,051	488,728
		Development	1,500,000	--	1,500,000	1,428,739	71,261
		Total	6,011,779	-	6,011,779	5,451,790	559,989
4	UA No. 25	Salary	4,694,413	-	4,694,413	4,134,201	560,212
		Non Salary	699,000	-	699,000	321,401	377,599
		Sub-Total	5,393,413	-	5,393,413	4,455,602	937,811
		Development	1,000,000	--	1,000,000	834,400	165,600
		Total	6,393,413	-	6,393,413	5,290,002	1,103,411
5	UA No. 30	Salary	3,475,000	--	3,475,000	2,053,361	1,421,639
		Non Salary	706,537	-	706,537	151,239	555,298
		Sub-Total	4,181,537	-	4,181,537	2,204,600	1,976,937
		Development	1,800,000	-	1,800,000	1,727,732	72,268
		Total	5,981,537	-	5,981,537	3,932,332	2,049,205
6	UA No. 35	Salary	3,560,000	-	3,560,000	2,110,008	1,449,992
		Non Salary	1,881,019	-	1,881,019	2,848,863	(967,844)
		Sub-Total	5,441,019	-	5,441,019	4,958,871	482,148
		Development	4,783,827	-	4,783,827	1,608,903	3,174,924

Sr. No	Name	Particulars	Original Budget	Supplementary Grant	Final Budget	Actual Expenditure	Excess/Saving(Rs)
		nt					
		Total	10,224,846	-	10,224,846	6,567,774	3,657,072
7	UA No. 37	Salary	3,682,542	-	3,682,542	1,755,403	1,927,139
		Non Salary	1,242,359	-	1,242,359	450,722	791,637
		Sub-Total	4,924,901	-	4,924,901	2,206,125	2,718,776
		Development	4,798,000	-	4,798,000	1,081,963	3,716,037
		Total	9,722,901	-	9,722,901	3,288,088	6,434,813
8	UA No. 39	Salary	4,827,631	-	4,827,631	2,950,733	1,876,898
		Non Salary	1,384,255	-	1,384,255	577,048	807,207
		Sub-Total	6,211,886	-	6,211,886	3,527,781	2,684,105
		Development	7,584,565	-	7,584,565	3,860,563	3,724,002
		Total	13,796,451	-	13,796,451	7,388,344	6,408,107
9	UA No. 48	Salary	4,966,121	-	4,966,121	2,216,878	2,749,243
		Non Salary	1,342,070	-	1,342,070	1,378,512	(36,442)
		Sub-Total	6,308,191	-	6,308,191	3,595,390	2,712,801
		Development	7,114,000	-	7,114,000	2,364,527	4,749,473
		Total	13,422,191	-	13,422,191	5,959,917	7,462,274
10	UA No. 51	Salary	3,659,370	-	3,659,370	561,946	3,097,424
		Non Salary	2,496,098	-	2,496,098	403,234	2,092,864
		Sub-Total	6,155,468	-	6,155,468	965,180	5,190,288
		Development	7,179,000	-	7,179,000	3,759,877	3,419,123
		Total	13,334,468	-	13,334,468	4,725,057	8,609,411
		Grand Total	101,716,568	-	101,716,568	59,254,375	42,462,193

Annex-C

[Para 1.2.3.1]

Non-Production of Record Rs 1.928 Million

(Amount in Rupees)

Vr. No	Cheque No	Date	Nature	Payee	Amount (Rs)
8	908451	18.08.10	Purchase of computer	Metro Cash & Carry Lahore	73272
9	908452	18.08.10	Purchase of UPS	United Electronics	7791
21	908464	25.10.10	Purchase of furniture		5000
22	908465	25.10.10	Purchase of furniture		7529
23	908466	25.10.10	Misc.		9560
24	908467	27.10.10	Purchase of furniture		4000
28	908471	04.11.10	Misc.		573
29	908472	10.11.10	Misc.		9690
30	908473	10.11.10	Misc.		8480
31	908474	26.11.10	Misc.		6500
32	908475	27.11.10	Misc.		9860
	542355	06.12.10	Repair of culverts	MistaryRasheed Ahmed	9560
	542356	06.12.10	Repair of culverts	Mistary Muhammad Sharif	9670
42	542360	05.01.11	Repair	MistaryManzoor Ahmed	9690
44	542362	10.01.11	Repair	MistaryRafique	9740
45	542363	17.01.11	Repair	MistaryGhulam Muhammad	9800
46	542364	24.01.11	Repair	Mistary Muhammad Sharif	9600
47	542365	31.01.11	Repair	Mistary Muhammad Sharif	9850
52	542370	11.02.11	Repair	Mistary Muhammad Rafique	9820
53	44419451	22.02.11	Repair	MistaryKhursheed	9620
57	44419455	04.03.11	Repair	Noor Muhammad	9800
58	44419456	08.03.11	Repair	Mistary Muhammad Asghar	6500
59	44419457	09.03.11	Repair	MistaryRasheed Ahmed	9770
61	44419459	25.03.11	Repair	MistarySiddiqu	9740
62	44419460	26.03.11	Repair	MistaryNazir Ahmed	9650
66	44419464	04.04.11	Repair	Ali Sher	9820
67	44419465	04.04.11	Repair	Noor Muhammad	5000
68	44419466	07.04.11	Repair	MistaryGhulam Muhammad	8500
69	44419467	18.04.11	Repair	MistaryManzoor Ahmed	9710
70	44419468	20.04.11	Repair	Khalil Ahmed	10000
71	44419469	25.04.11	Repair	Gulzar Ahmed	9950
75	44419473	03.05.11	Repair		9840

Vr. No	Cheque No	Date	Nature	Payee	Amount (Rs)
76	44419474	03.05.11	Chart Bill	Maqbool Ahmed	2000
77	44419475	03.05.11	Advertisement Bill	HamadFazal	3000
78	44419476	03.05.11	Repair		9720
79	44419477	03.05.11	Repair		9940
80	44419478	03.05.11	Repair		10000
81	44419479	03.05.11	Repair		9740
82	44419480	03.05.11	Repair		9860
	44419481	04.06.11	Repair of culverts	Mistary	9740
	44419482	04.06.11	Repair of culverts	Mistary	10000
	44419483	17.06.11	Repair of culverts	Mistary	10000
	44419484	20.06.11	Repair of culverts	Mistary	9800
4	44419491	16.07.11	Repair of culvert		9740
13	44419500	16.08.11	Repair	Khalil Ahmed	9760
14	44934701	20.08.11	Repair	Bashir Ahmed	9820
17	44934704	27.08.11	Repair	HabibUllah	9820
23	44934710	19.09.11	Repair	Noor Muhammad	10000
30	44934717	02.10.11	Repair	Muhammad Tufail	9940
31	44934718	02.10.11	Rent of office building	Farzand Ali	6000
34	44934721	10.10.11	Repair	Shabir Ahmed	10000
35	44934722	14.10.11	Repair	Shabir Ahmed	9860
36	44934723	17.10.11	Repair	GhulamNabi	10000
37	44934724	21.10.11	Repair	Nazir Ahmed	10000
38	44934725	25.10.11	Repair	Nazar Din	9820
61	44934748	02.01.12	Rent of office building	Farzand Ali	3000
62	44934749	02.01.12	Misc.	Secratry UC	3840
64	45512501	09.01.12	Repair	Muhammad Sharif	9970
65	45512502	13.01.12	Repair	Abdul Jabbar	9900
66	45512503	17.01.12	Repair	Muhammad Anwar	9870
67	45512504	20.01.12	Repair	Nazar Muhammad	9780
71	45512508	01.02.12	Repair	Rasheed Ahmed	9980
72	45512509	06.02.12	Rent of office building	Farzand Ali	3000
73	45512510	07.02.12	Repair	Ali Muhammad	9940
74	45512511	10.02.12	Repair	Nazar Muhammad	10000
75	45512512	15.02.12	Repair	Ghulam Ali	10000
76	45512513	20.02.12	Repair	Muhammad Rashid	9980
81	45512518	05.03.12	Repair	Sher Muhammad	9930
82	45512519	13.03.12	Repair	Shakeel Ahmed	10000
83	45512520	16.03.12	Repair	Khan Muhammad	9840
90	45512527	05.04.12	Repair	Muhammad Din	9940
91	45512528	10.04.12	Repair	Sultan Ahmed	10000
92	45512529	16.04.12	Repair	Muhammad Iftikhar	9740
93	45512530	20.04.12	Repair	Sher Muhammad	9900
94	45512531	20.04.12	Battery	Muhammad Hussain	9900
97	45512534	02.05.12	Rent of office building	Farzand Ali	3000

Vr. No	Cheque No	Date	Nature	Payee	Amount (Rs)
98	45512535	02.05.12	Misc.	Secratry UC	1040
101	45512538	11.05.12	Advertisement Bill	HamadFazal	2000
102	45512539	11.05.12	Repair	Mushtaq	9900
103	45512540	16.05.12	Repair	Farzand Ali	9960
104	45512541	21.05.12	Repair	Noor Muhammad	9840
107	45512544	01.06.12	Rent of office building	Secratry UC	3000
108	45512545	01.06.12	Misc.	Secratry UC	1820
109	45512546	04.06.12	Repair	Latif	9980
110	45512547	08.06.12	Repair	Sher Muhammad	9920
111	45512548	09.06.12	Repair	Ali Sher	9900
112	45512549	11.06.12	Repair	Nazar Muhammad	9860
113	45512550	12.06.12	Repair	Rasheed Ahmed	9950
114	45512551	13.06.12	Repair	Muhammad Ahmed	9660
115	45512552	14.06.12	Repair	Ali Sher	9950
116	45512553	18.06.12	Repair	Latif	9900
117	45512554	20.06.12	Repair	Ali Sher	9920
			Total Expenditure		854555

Annex Table-II

Vr. No	Cheque No	Date	Nature	Payee	Amount (Rs)
5	5347556	01.07.08	Manhole for sewerage line	Project Committee	12000
6	5347557	10.07.08	Constructions	Project Committee	50170
7	5347558	10.07.08	Constructions	Project Committee	31600
8	5347559	10.07.08	Constructions	Project Committee	31450
9	5347560	15.07.08	Constructions	Project Committee	12800
10	5347561	18.07.08	Constructions	Project Committee	54000
11	5347562	26.07.08	Constructions	Project Committee	45000
16	5347567	06.08.08	Constructions	Project Committee	54000
17	5347568	06.08.08	Constructions	Project Committee	20800
18	5347569	19.08.08	Constructions	Project Committee	45000
23	5347574	12.09.08	Constructions	Project Committee	63000
24	5347575	23.09.08	Constructions	Project Committee	15200
25	5356976	23.09.08	Constructions	Project Committee	41100
26	5356977	25.09.08	Constructions	Project Committee	18000
31	5356982	14.10.08	Constructions	Project Committee	54000
32	5356983	20.10.08	Constructions	Project Committee	36000
37	5356988	07.11.08	Constructions	Project Committee	45000
39	5356990	17.11.08	Constructions	Project Committee	54000
48	5356999	02.01.09	Constructions	Project Committee	54000
49	5357000	02.01.09	Constructions	Project Committee	18000
59	21625960	25.03.09	Manhole for sewerage line	Project Committee	10500

Vr. No	Cheque No	Date	Nature	Payee	Amount (Rs)
61	21625962	26.02.09	Constructions	Project Committee	45000
70	21625971	05.05.09	Soling	Project Committee	80000
72	21625973	14.05.09	Constructions	Project Committee	66000
78	21631354	02.06.09	Constructions	Project Committee	77000
79	21631355	18.06.09	Constructions	Project Committee	40000
			Total		1073620