



**AUDIT REPORT
ON
THE ACCOUNTS OF
UNION ADMINISTRATIONS
VEHARI
AUDIT YEAR 2016-17**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Programme
CCB	Citizen Community Board
DAC	Departmental Accounts Committee
DGA	Directorate 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
PAC	Public Accounts Committee
PDG	Punjab District Government
PLGO	Punjab Local Government Ordinance
PPRA	Punjab Procurement Regulatory Authority
PSI	Pounds per Square Inch
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)
TS	Technical Sanction
TO (R)	Tehsil Officer (Regulation)
UAs	Union Administrations

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance, 2001 and Auditor General of Pakistan's SRO (1)/2009 dated 02.03.2009 require the Auditor General of Pakistan to conduct audit of Receipts and Expenditures of the Local Fund and Public Accounts of District Governments, Town / Tehsil Municipal Administrations and Union Administrations.

The Report is based on audit of the accounts of Union Administrations of District Vehari for the Financial Years 2008-16 (first audit of Union Administrations). The Directorate General of Audit District Governments Punjab (South), Multan conducted audit during Audit Year 2016-17 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 Report has been finalized without management response and DAC meeting, as the management failed to respond to audit observations despite repeated requests.

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 for causing it to be laid before the Provincial Assembly.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General 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 Town / Tehsil Municipal Administrations and Union Administrations. Regional Directorate of Audit (RDA), 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 21 officers and staff, constituting 5,271 mandays and the budget amounting to Rs 22.549 million was allocated in Audit Year 2016-17. 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 District Vehari on sample basis for the Financial Years 2008-16 and the findings are included in this Audit Report.

Union Administrations (UAs), District Vehari conduct their operations under Punjab Local Government Ordinance, 2001. UAs of District Vehari 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 Tehsil Officer (Regulation) as Administrator of Union Councils falling in the respective Tehsil Municipal Administrations vide notification No.SOR(LG)39-6/208 dated Lahore, 24th February, 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 the District Vehari for the Financial Years 2008-16, was Rs 58.332 million and expenditure incurred was Rs 36.008 million, showing savings of Rs 22.324 million. The total Non-development Budget for Financial Years 2008-16 was Rs 93.133 million and expenditure was Rs 76.058 million, showing savings of Rs 17.075 million in the year. The reasons for savings in Development and Non-development Budgets are required to be provided by the PAOs concerned.

Total budget targets of receipts of ten Union Administrations for the Financial Years 2008-16 were Rs 4.792 million against which Rs 4.678 million were collected.

Audit of UAs of District Vehari was carried out with the 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 and reconciliation 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 the UAs for the Financial Years 2008-16, auditable expenditure under the jurisdiction of Regional Director Audit, Multan was Rs 997.396 million. Out of 89 UAs of District Vehari, Regional Director Audit, Multan audited an expenditure of Rs 112.067 million covering ten UAs / PAOs / formations of District Vehari which, in terms of percentage, is 11 % of total auditable expenditure and irregularities amounting to Rs 137.321 million were pointed out. Regional Director Audit planned and executed audit of 10 formations i.e. 100% achievement against planned audit activities.

Total receipts of the UAs for the Financial Years 2008-16, were Rs 35.634 million. RDA Multan audited receipts of Rs 4.678 million of the ten UAs of District Vehari which is 13 % of total receipts and irregularities amounting to Rs 3.607 million were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 1.361 million were pointed out by Audit (out of which nil amount paras over Rs 1 million are included in this Report) which was not in the notice of the management earlier. No amount was recovered by the management till the time of compilation of the Report.

c. Audit Methodology

Audit was conducted after understanding the business processes of UAs 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 on pointation of Audit. However, audit impact in the shape of change in rules could not be materialized as the Public 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 District Vehari 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 UA authorities may be captioned as one of important reasons for Weak Internal Controls.

f. Key Audit Findings of the Report

- i. Non production of record of Rs 13.516 million was noted in one case¹.
- ii. Irregularities involving Rs 55.778 million were noted in four cases².
- iii. Weak Internal Controls involving Rs 9.267 million were noted in five cases³.

¹ Para No.1.2.1.1

² Para No.1.2.2.1, 1.2.2.2, 1.2.2.3, 1.2.2.4

³ Para No.1.2.3.1, 1.2.3.2

Audit Paras on the accounts for the Financial Years 2008-15 involving procedural violations including internal control weakness and irregularities 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. Production of record for audit verification
- ii. Regularization of un-authorized expenditures
- iii. Strengthening of internal controls
- iv. Holding of DAC meetings in time and compliance of DAC directives and decisions in letter and spirit
- v. Compliance of relevant laws, rules, instructions and procedures, etc.
- vi. Implement internal as well as financial controls in letter and spirit to avoid unauthorized drawal/ utilization of funds.

SUMMARY TABLES AND CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Expenditure 2008-16	Receipts 2008-16	Total
1	Total Entities (PAOs) in Audit Jurisdiction	89	997.396	35.634	1,033.030
2	Total formations in Audit Jurisdiction	89	997.396	35.634	1,033.030
3	Total Entities (PAOs) / DDOs Audited	*10	112.067	4.678	116.745
4	Total formations Audited	*10	112.067	4.678	116.745
5	Audit & Inspection Reports	*10	112.067	4.678	116.745
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 2008-16

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	41.922
3	Weak Internal controls relating to financial management	9.267
4	Others	27.372
Total		78.561

Table 3: Outcome Statistics

Expenditure Outlay Audited								(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 Outlays	-	119.688	49.869	827.839	35.634	1,033.030	1040.045
2	Outlays audited	-	66.035	10.024	36.008	4.678	116.745*	116.889
3	Amount placed under audit observation / irregularities pointed out.	-	-	13.516	65.045	-	78.561	37.267
4	Recoveries pointed out at the instance of Audit	-	-	-	-	-	-	-
5	Recoverable Accepted / Established at the instance of Audit	-	-	-	-	-	-	-
6	Recoveries realized at the instance of Audit	-	-	-	-	-	-	-

* The amount mentioned against serial No.2 in column of “Total” current year is the sum of Expenditure and Receipts, whereas the total expenditure was Rs 112.067 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.	55.778
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	9.267
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public money.	-
6	Non production of record to Audit	13.516
7	Others, including cases of accidents, negligence etc.	-
Total		78.561

Table 5: Cost-Benefit

(Rupees in million)

Sr. No.	Description	Amount
1	Outlays Audited (Items 2 Table 3)	116.745
2	Expenditure on Audit	0.075
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, Vehari

1.1.1 Introduction

Union Administrations (UAs) 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 89 UAs in District Government Vehari out of which 10 UAs number 28, 32, 33, 35, 36, 39, 40, 43, 46 and 47 were audited on sample basis during 2016-17.

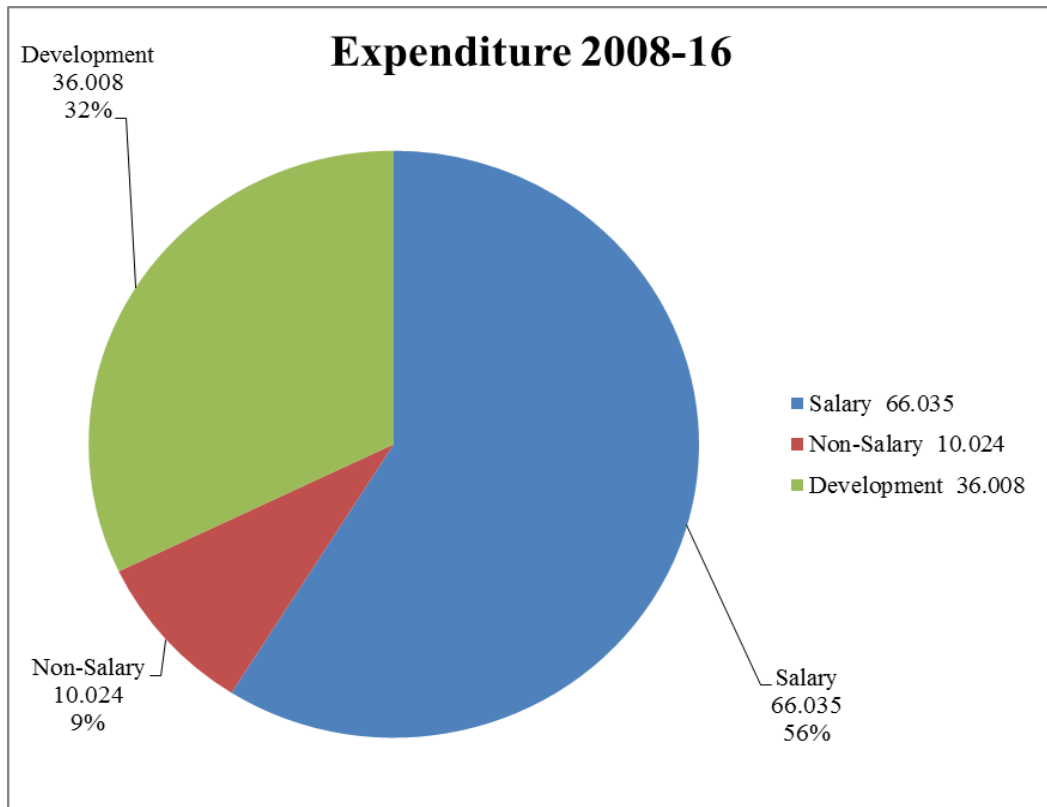
1.1.2 Comments on Budget and Accounts

The detail of budget and expenditure of ten UAs audited during 2016-17 is given below in tabulated form:

(Rupees in million)

2008-16	Budget	Actual	Excess (+) / Saving (-)	(%) (Saving)
Salary	76.107	66.035	-10.072	-13.234%
Non Salary	17.026	10.024	-7.002	-41.125%
Development	58.332	36.008	-22.324	-38.270%
Sub-Total	151.465	112.067	-39.398	-26.011%
Revenue	4.792	4.678	-0.114	-2.379%

(Rupees in million)

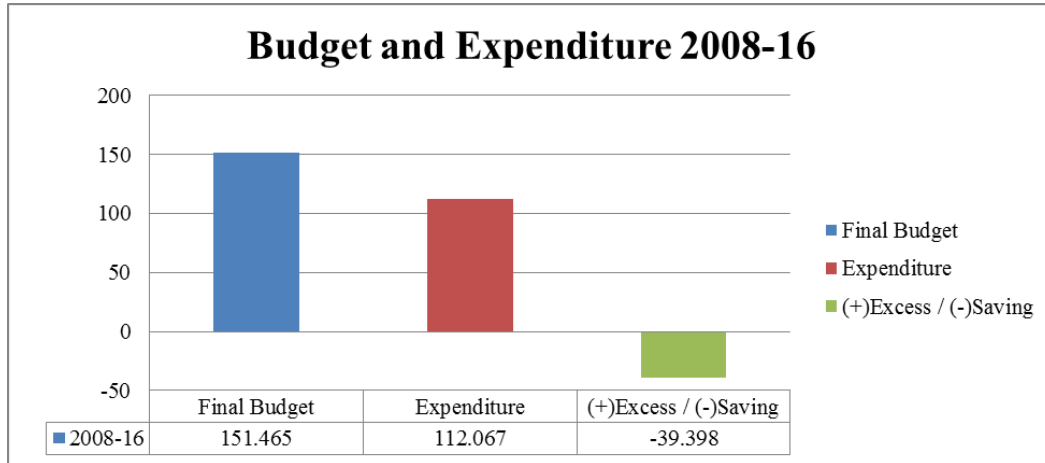


Details of budget allocations, expenditures and savings of each UA in District Vehari for the Financial Years 2008-16 are at **Annex-B**.

As per Budget Books for the Financial Years 2008-16 of UAs in District Vehari, original and final budgets of audited ten UAs was Rs 151.465 million. Total expenditure incurred by these UAs during Financial Years 2008-16 were of Rs 112.067 million. A saving of Rs 39.398 million came to the notice of audit which shows that the UAs failed to provide essential services as envisaged and planned at the time of preparation and approval of annual budget for the year.

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 2015-16

Audit paras, reported in MFDAC (Annex-I) of Audit Report 2015-16, 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 Year	No. of Paras	Status of PAC Meetings
01	2009-12	10	PAC not constituted
02	2012-13	6	PAC not constituted
03	2013-14	5	PAC not constituted
04	2015-16	3	PAC not constituted

AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non Production of record – Rs 13.516 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”.

Secretaries of following Union Administrations did not produce auditable record of Rs 13.516 million during Financial Years 2008-16 despite various written requests as detailed below:

(Rupees in million)

Sr. No.	UAs No.	Nature of record	Amount
1	46 Mailsi	Expenditure on Pay & allowance, contingencies and expenditure on different development works	10.425
2	40 Mailsi	Expenditure on Pay & allowance, contingencies and expenditure on different development works	3.091
Total			13.516

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

Non production of record of Rs 13.516 million created doubt regarding the legitimacy of the expenditure as well as violation of the Government instructions.

The matter was reported to the Union Secretaries / PAOs in March, 2017. Union Secretaries did not submit any reply. Despite repeated requests, DAC meeting was not convened. No progress was intimated till finalization of this Report.

Audit recommends inquiry, fixing of responsibility on the person(s) at fault besides production of record to Audit for verification.

[UA-46 AIR Para: 01], [UA-40 AIR Para: 02,03]

1.2.2 Irregularities and non compliance

1.2.2.1 Unauthorized lump sum provision of funds – Rs 41.922 million

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

Secretaries of following Union Administrations allocated the development funds in lump sum without the identification of projects valuing Rs 41.922 million during Financial Years 2008-16. Detail is given below:

(Rupees in million)

Sr. No.	UAs No.	Amount of lump sum provision
1	28 Mailsi	3.917
2	32 Mailsi	3.799
3	36 Mailsi	2.620
4	33 Mailsi	8.065
5	35 Mailsi	5.928
6	43 Mailsi	7.020
7	39 Mailsi	5.492
8	47 Mailsi	5.081
Total		41.922

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 41.922 million resulted in irrational budgeting and defective allocation of available resources.

The matter was reported to the Union Secretaries / PAOs in March, 2017. Secretaries replied that no loss to Government involves and observation was also noted for future compliance. Despite repeated requests, DAC meeting was not convened. No progress was intimated till finalization of this Report.

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

[UA-28 AIR Para: 08], [UA-32 AIR Para: 07], [UA-33 AIR Para: 05] ,
 [UA-35 AIR Para:5], [UA-36 AIR Para:05], [UA-43 AIR Para:01] , [UA-39 AIR Para:01],
 [UA-47 AIR Para:01]

1.2.2.2 Unauthorized expenditure of CCB funds – Rs 6.868 million

According to Section 109 (5)(a)(b) of the Punjab Local Government Ordinance, 2001, the development budget shall be prioritized in accordance with the bottom up planning system as laid down in Section 119, provided that not less than twenty five percent of the development budget shall be set apart for utilization and the amount referred to in clause (a) which remains unspent shall be credited under the same head in the following year’s budget in addition to the fresh allocation under the said clause for that year. Further, Rule 6(iv) of Punjab Union Administration (Budget) Rules, 2003 stipulates that the DDO shall ensure proper monitoring of his budget.

Secretaries of following Union Administrations allocated CCB Funds of Rs 6.868 million during Financial Year 2008-12. The funds were utilized for development schemes executed by Union Administrations instead of releasing the funds to the registered CCB. The detail is as under:

(Rupees in million)

Sr. No.	UAs No.	Amount
1	28	1.425
2	32	1.067
3	33	2.563
4	35	1.813
Total		6.868

Audit is of the view that due to weak internal controls, funds of CCB were released for non-CCB development projects.

Unauthorized expenditure of CCB funds of Rs 6.868 million resulted in violation of the Government rules.

The matter was reported to the Union Secretaries / PAOs in March, 2017. Secretaries replied that no loss to Government was involved and in compliance of Chief Minister letter No. PS/SS/CMS.II/OT-47 dated 15.3.2012, in which it was directed that CCB funds available with the District Government and TMA in the province be utilized only for development purpose. Reply was not tenable being irrelevant. Despite repeated requests, DAC meeting was not convened. No progress was intimated till finalization of this Report.

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

[UA-28 AIR Para No.10], [UA-32 AIR Para No.05], [UA-33 AIR Para No.03],
[UA-35 AIR Para No.03]

1.2.2.3 Irregular expenditure by splitting of schemes - Rs 4.621 million

According to Rule 4 of the Punjab Union Administrations (Works) Rules, 2002 in case of a project having cost less than Rs 150,000 the Union Administration may execute the project at its own either by contracting out to the private sector or through a Project Committee.

Secretaries of following Union Administrations incurred expenditure of Rs 4.621 million on development schemes through splitting the expenditure in phases to keep the expenditure within competency during Financial Years 2008-16. The summarized detail is as under:

(Rupees in million)

Sr. No.	UAs No.	Amount
1	33 Mailsi	2.332
2	43 Mailsi	1.196
3	47 Mailsi	1.093
Total		4.621

Audit is of the view that due to non compliance of rules, irregular expenditure was incurred.

Irregular expenditure of Rs 4.621 million resulted in violation of the Government rules.

The matter was reported to the Union Secretaries / PAOs in March, 2017. Secretaries replied that respective development projects works carried out in the different times and different dates under the competency of Union Council Administration. Hence no loss to the Government involved. Replies of the Secretaries were not tenable because it was proved during record verification split up of schemes was made. Despite repeated requests, DAC meeting was not convened. No progress was intimated till finalization of this Report.

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

[UA-33 AIR Para: 02], [UA-43 AIR Para:03], [UA-47 AIR Para:03]

1.2.2.4 Unauthorized expenditure on quotations without technical sanction of estimates - Rs 2.367 million

According to Rule 4 (2) of the Punjab Union Administrations (Works) Rules 2002, when a development project is to be executed by contracting out to the private sector, the tenders shall be invited and accepted and the contract entered in the manner prescribed by the Punjab Local Councils (Contract) Rules, 1981 and in the form prescribed by the Communications and Works Department. Further 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.

Secretaries of following Union Administrations incurred expenditure of Rs 2.367 million during Financial Years 2008-16 by calling simple quotations without advertisement in the newspaper for development works. The estimates of

the projects were not technically sanctioned by the competent authority. Detail is given as under:

(Rupees in million)

Sr. No.	UA No.	No. of Schemes	Amount
01	33	24	1.208
02	35	17	1.159
Total			2.367

Audit is of the view that due to weak financial management, expenditures were incurred without tendering process and maintenance of proper record.

Unauthorized expenditure of Rs 2.367 million resulted in violation to the Government rules.

The matter was reported to the Union Secretaries / PAOs in March, 2017. Secretaries replied that all relevant documents were available in the files which might be seen and could be verified. Replies were not tenable because during verification of record it was proved that expenditures were made without technical sanction and no advertisement was made. Despite repeated requests, DAC meeting was not convened. No progress was intimated till finalization of this Report.

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

[UA-33 AIR Para: 11], [UA-35 AIR Para: 11],

1.2.3 Internal Control Weaknesses

1.2.3.1 Unauthorized award of tenders for works to contractors – Rs 6.617 million

According to Rule 4 (2) of the Punjab Union Administrations (Works) Rules, 2002, when a development project is to be executed by contracting out to the private sector, the tenders shall be invited and accepted and the contract entered in the manner prescribed by the Punjab Local Councils (Contract) Rules, 1981 and in the form prescribed by the Communications and Works Department.

Secretaries of following Union Administrations of District Vehari adopted irregular tendering process due to which tenders for works of Rs 6.617 million were pooled by the contractors with the involvement of management as revealed from the following factors:

- i. No applications for receipt of tenders were obtained from the contractors.
- ii. No detail regarding scheme wise total tenders requested by contractors, tenders sold and tenders received back by the union administration were provided.
- iii. Only few contractors were listed and all the works were divided among those contractors.
- iv. Neither copies of Computerized National Identity Cards were available on record nor number was mentioned on the stamp paper of agreement. Mostly blank stamp papers were attached.
- v. No record of call deposit was maintained.

(Rupees in million)

Sr. No.	UAs No.	Amount
1	28	1.661
2	33	3.747
3	35	1.209
Total		6.617

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

Unauthorized expenditure of Rs 6.617 million resulted in violation of Government instructions.

The matter was reported to the Union Secretaries / PAOs in March, 2017. Secretaries replied that all the formalities were made and all record was available which was mentioned in the para. Replies of the Secretaries were not tenable because partial record was produced which was made after the Audit para. Despite repeated requests, DAC meeting was not convened. No progress was intimated till finalization of this Report.

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

[UA-28 AIR Para: 01], [UA-33 AIR Para: 01], [UA-35 Para: 01]

1.2.3.2 Irregular payment due non availability of test reports / substandard use of bricks – Rs 2.650 million

According to Technical Sanction of Chief Engineer (HQ) Punjab Local Government Board Lahore letter No. CE (HQ) PLGB - TS / 2005 issued in different dates for different works, the bricks was required to be used manufactured by the Government approved manufacturer having the crushing strength of 2000 PSI.

Secretaries of following Union Administrations made payment of Rs 2.650 million on account of execution of different development schemes of brick work during Financial Years 2011-2016 without obtaining 2000 PSI test reports from laboratory. Due to non availability of test reports, defective works / poor quality work was executed without obtaining test of works costing Rs 2.650 million. Detail is given below:

(Rupees in million)

Sr. No.	UA No.	AIR Para No.	Amount
1	UA No.32	09	1.148
2	UA No.33	07	1.502
Total			2.650

Audit is of the view that due to weak internal controls, work was executed without obtaining test reports.

Violation of Government instructions resulted in irregular payment amounting to Rs 2.650 million.

The matter was reported to the Union Secretaries / PAOs in March, 2017. Secretaries replied that no loss to Government was involved and noted for future compliance. Replies of the Secretaries were not tenable because test reports were not provided. Despite repeated requests, DAC meeting was not convened. No progress was intimated till finalization of this Report.

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

[UA-32 AIR Para: 09], [UA-33 AIR Para: 07]

Annex

Annex-A

Part-I

**Memorandum for Departmental Accounts Committee Paras Pertaining to
Audit Year 2016-17**

(Rupees in million)

UA No.	Para No.	AIR Para No.	Subject	Amount
UA No.35	1	2	Doubtful construction of culverts / puliats	0.681
	2	4	Non-conducting of post completion evaluation of development projects	1.209
	3	6	Unjustified payment of earth work without recording of levels and cross section area	0.118
	4	7	Irregular payment due non availability of test reports / substandard use of bricks	0.501
	5	8	Non-utilization of development funds	2.153
	6	9	Irregular tendering of the development works	1.209
	7	10	Non-utilization of CCB funds	1.27
	8	12	Loss due to non-levying of licensing fee on various professions	-
UA No.28	9	2	Irregular payment due non availability of test reports / substandard use of bricks	0.992
	10	3	Irregular payment due non availability of test reports / substandard use of tufftile	0.245
	11	4	Unjustified payment of earth work without recording of levels and cross section area	0.171
	12	5	Irregular tendering of the development works	0.719
	13	6	Non-utilization of development funds	2.355
	14	7	Non-utilization of CCB funds	5.2
	15	9	Non-conducting of post completion evaluation of development projects	1.634
	16	11	Loss due to non-levying of licensing fee on various professions	-
UA No.32	17	1	Unauthorized award of tenders for works to contractors	1.098
	18	2	Doubtful installation of hand pumps	0.05
	19	3	Doubtful construction of culverts	0.249
	20	4	Unauthorized expenditure on Civil Works	0.599
	21	6	Non-conducting of post completion evaluation of development projects	1.197
	22	8	Unjustified payment of earth work without recording of levels and cross section area	0.429
	23	10	Non-utilization of development funds	1.605
	24	11	Irregular tendering of the development works	1.247
	25	12	Non-utilization of CCB funds	0.74
	26	13	Loss due to non-levying of licensing fee on various professions	-

UA No.	Para No.	AIR Para No.	Subject	Amount
			professions	
UA No.36	27	1	Unauthorized award of tenders for works to contractors	0.955
	28	2	Doubtful construction of puliat / installation of hand pumps	0.332
	29	3	Un-authorized utilization of 25% share of CCBs	0.492
	30	4	Non-conducting of post completion evaluation of development projects	0.83
	31	6	Unjustified payment of earth work without recording of levels and cross section area	0.091
	32	7	Irregular payment due non availability of test reports / substandard use of bricks	1.502
	33	8	Non-utilization of development funds	1.125
	34	9	Irregular tendering of the development works	0.557
	35	10	Non-utilization of CCB funds	0.13
	36	11	Loss due to non-levying of licensing fee on various professions	-
UA No.33	37	4	Non-conducting of post completion evaluation of development projects	3.801
	38	6	Unjustified payment of earth work without recording of levels and cross section area	0.505
	39	8	Non-utilization of development funds	2.966
	40	9	Irregular tendering of the development works	3.293
	41	10	Non-utilization of CCB funds	0.792
	42	12	Loss due to non-levying of licensing fee on various professions	-
UA No.40	43	1	Non allocation and non utilization of Development Budget through CCB	0.985
	44	4	Non recovery of License renewal fee from marriage registrars	0.045
	45	5	Irregular Purchase of sports items	0.082
	46	6	Non deposit of various fees	0.914
UA No.43	47	2	Non utilization development Budget through CCB	1.755
	48	4	Unauthorized / irregular expenditure and non conducting of post evaluation of development schemes	2.538
	49	5	Unjustified expenditure of store items	0.051
	50	6	Irregular Purchase of sports items	0.165
	51	7	Non deposit of income tax	0.152
UA No.39	52	2	Non allocation and non utilization of Development Budget through CCB	0.632
	53	3	Irregular execution of development scheme	0.9
	54	4	Unauthorized irregular expenditure and non conducting of post evaluation of development schemes	2.85
	55	5	Irregular expenditure over & above budget allocation	0.32

UA No.	Para No.	AIR Para No.	Subject	Amount
	56	6	Unjustified expenditure of store items	0.2
	57	7	Irregular Purchase of sports items	0.095
	58	8	Non deposit of income tax	0.117
	59	2	Non utilization development Budget through CCB	1.27
UA No.47	60	4	Unauthorized irregular expenditure and non conducting of post evaluation of development schemes	2.216
	61	5	Unjustified expenditure of store items	0.201
	62	6	Irregular Purchase of sports items	0.098
	63	7	Non deposit of income tax	0.132

Part-II

**Memorandum for Departmental Accounts Committee Paras Pertaining to
Audit Year 2015-16**

(Rupees in million)

Sr. No.	UA No.	AIR Para No.	Subject	Amount
1	UA 17 Vehari	2	Doubtful expenditures on construction of soling	0.497
2		4	Unjustified delay in issuance of acceptance letter	0.300
3		5	Loss to government due to non levying of permit and license fee	0.300
4		7	Irregular purchase of RCC pipe	0.204
5		8	Irregular delay in finalization of schemes without submission of final bill	0.200
6		9	Less collection of death / birth certificate fee	0.167
7		11	Less collection of Nikkah fee	0.076
8		12	Non imposition of penalty for late completion	0.040
9		13	Overpayment due to non deduction of shrinkage in the earth work for bank measurements	0.021
10		14	Unjustified deduction of Income Tax	0.021
11	UA 20 Vehari	1	Irregular expenditure through project committee	0.601
12		2	Irregular withdrawal of pay & allowances of absent period	0.237
13		3	Unjustified delay in issuance of acceptance letter	0.200
14		5	Loss to Government due to non levying of permit and license fee	0.200
15		6	Irregular / unjustified expenditures on Repair of hand water pumps	0.129
16		7	Less collection of death / birth certificate fee	0.068
17		8	Non-imposition of penalty for late completion	0.040
18		9	Non- deposit of income tax	0.024
19	UA 45 Vehari	1	Irregular expenditure on construction development schemes	0.200
20		2	Irregular expenditure through project committee	0.908
21		3	Irregular expenditures without advertisement of PPRA website	0.800
22		5	Loss to Government due to non levying of permit and license fee	0.350
23		6	Non deposit of income tax	0.205
24		7	Less collection of death / birth certificate fee	0.113
25		8	Overpayment due to non deduction of shrinkage in the earth work for bank measurements	0.032
26	UA 53 Vehari	1	Irregular expenditures without advertisement of PPRA website	2.500
27		2	Unjustified delay in issuance of acceptance letter	1.100
28		4	Loss to Government due to Non- levying of permit and license fee	0.350
29		5	Non deposit of income tax	0.206
30		6	Non imposition of penalty for late completion	0.070
31		7	Less collection of death/birth certificate fee	0.051
32		8	Irregular / unjustified expenditures on repair of hand water pumps	0.044

Sr. No.	UA No.	AIR Para No.	Subject	Amount
33		9	Overpayment due to non deduction of shrinkage in the earth work for bank measurements	0.022
34	UA 57 Vehari	1	Irregular expenditures without advertisement of PPRA website	0.700
35		3	Irregular expenditure through project committee	0.456
36		5	Loss to Government due to non levying of permit and license fee	0.300
37		6	Non deposit of income tax	0.070
38		7	Overpayment due to non deduction of shrinkage in the earth work for bank measurements	0.028
39	UA 73 Vehari	1	Unauthorized purchase of UPSs in Violation of PPRA rules and Austerity	3.100
40		2	Unauthorized expenditure without technical sanction of estimate	1.519
41		3	Unauthorized withdrawal of computer allowance	0.060
42		4	Excess rate charged on purchase of UPS resulted into overpayment	1.680
43		5	Doubtful withdrawal of funds on account of sports festival	0.100
44		6	Estimated loss to Government due to non auction of taxes	0.640
45		7	Unauthorized / doubtful payments without pre-audit	4.646
46		8	Non deposit of sales tax from suppliers	0.048
47		9	Less allocation of CCB funds	0.894
48		10	Non deduction of overhead charges	0.156
49		12	Unauthorized expenditure without demand	1.578
50		13	Irregular expenditure on development projects without preparation of monthly progress reports and Form BDD-4	3.476
51		14	Non deposit of income tax on the development projects	0.230
52		15	Non constitutional of marriage function committee	-
53		16	Non maintenance of property register and non physical verification of store and stock	-
54		UA 74 Vehari	1	Excess rate charged on purchase of UPS resulted into overpayment
55	2		Unauthorized withdrawal of Computer Allowance	0.060
56	3		Non deduction and deposit of sales tax from suppliers	0.026
57	4		Non deduction and non deposit of Income Tax on the development projects and contingent expenditure	0.154
58	7		Irregular expenditure on development projects without preparation of monthly progress reports and Form BDD-4	2.468
59	8		Non allocation of CCB funds	0.787
60	10		Unauthorized / doubtful payments without pre-audit	4.552
61	11		Unauthorized purchase of UPSs in violation of PPRA rules and austerity measures	3.100
62	12		Doubtful withdrawal of funds on account of sports festival	0.105
63	13		Estimated loss to government due to non auction of taxes	0.569
64	14		Unauthorized expenditure without technical sanction of estimate	1.071
65	15		Non maintenance of property register and non physical verification of store and stock	-
66	16		Non constitution of marriage function committee	-

Sr. No.	UA No.	AIR Para No.	Subject	Amount	
67	UA 75 Vehari	1	Unauthorized withdrawal of computer allowance	0.069	
68		2	Non-deposit of income tax on the development projects	0.022	
69		3	Non deposit of sales tax from suppliers	0.048	
70		6	Non allocation of CCB funds	1.191	
71		7	Unauthorized expenditure without technical sanction of estimate	1.827	
72		8	Unauthorized expenditure without demand	1.827	
73		9	Irregular expenditure on development projects without preparation of monthly progress reports and Form BDD-4	3.077	
74		10	Unauthorized / doubtful payments without pre-audit	4.813	
75		11	Estimated loss to government due to non auction of taxes	0.640	
76		12	Doubtful withdrawal of funds on account of sports festival	0.190	
77		13	Unauthorized withdrawal of honoraria	0.021	
78		14	Non deposit of Government dues	0.052	
79		15	Non maintenance of property register and non physical verification of store and stock	-	
80		16	Non constitutional of marriage function committee	-	
81		UA 76 Vehari	1	Excess rate charged on purchase of UPS resulted into overpayment	1.680
82			2	Non deposit of pension contribution	0.642
83	3		Unauthorized withdrawal of computer allowance	0.070	
84	4		Non deposit of sales tax from suppliers	0.072	
85	5		Non-deposit of income tax on the development projects	0.211	
86	8		Less allocation of CCB funds	0.784	
87	9		Unauthorized expenditure without technical sanction of estimate	1.269	
88	10		Irregular expenditure on development projects without preparation of monthly progress reports and Form BDD-4	3.063	
89	11		Unauthorized purchase of UPSs in violation of PPRA rules and austerity measures	3.100	
90	12		Doubtful withdrawal of funds on account of sports festival	0.213	
91	13		Estimated loss to Government due to non auction of taxes	0.790	
92	14		Unauthorized / doubtful payments without pre-audit	4.140	
93	15		Non maintenance of property register and non physical verification of store and stock	-	
94	16		Non constitutional of marriage function committee	-	
95	UA 80 Vehari		2	Non deposit of income tax on the development projects	0.249
96			3	Non deposit of sales tax from suppliers	0.053
97		6	Less allocation of CCB funds	1.125	
98		7	Unauthorized expenditure without technical sanction of estimate	1.774	
99		8	Irregular expenditure on development projects without preparation of monthly progress reports and Form BDD-4	3.749	
100		9	Unauthorized / doubtful payments without pre-audit	4.497	
101		10	Unauthorized purchase of UPSs in violation of PPRA rules and austerity measures	3.100	
102		11	Unauthorized withdrawal of computer allowance	0.078	
103	12	Less deposit of governments receipts (copying fee)	0.273		

Sr. No.	UA No.	AIR Para No.	Subject	Amount
104		13	Excess rate charged on purchase of UPS resulted into overpayment	1.680
105		14	Doubtful withdrawal of funds on account of sports festival	0.123
106		15	Estimated loss to government due to non auction of taxes	0.951
107		16	Non maintenance of property register and non physical verification of store and stock	-
108		17	Non constitutional of marriage function committee	-

UAs of Vehari District

Budget and Expenditure Statement for Financial Years 2008-2016

(Rupees in million)

Sr. No.	Name Of UAs	Description	Budget	Actual	Excess (+) / Savings(-)	% savings
1	35	Salary	6.656	6.012	-0.64	-10%
		Non-salary	1.627	0.914	-0.71	-44%
		Development	7.197	4.534	-2.66	-37%
		Revenue	0.737	0.656	-0.08	-11%
		Total	16.217	12.116	-4.09	-25%
2	28	Salary	11.62	8.09	-3.536	-30%
		Non-salary	2.55	1.52	-1.035	-41%
		Development	5.62	2.06	-3.555	-63%
		Revenue	1.27	1.96	0.693	55%
		Total	21.06	13.62	-7.433	-35%
3	32	Salary	8.747	8.207	-0.54	-7%
		Non-salary	1.614	1.208	-0.406	-34%
		Development	4.539	2.194	-2.345	-107%
		Revenue	0.974	0.986	0.012	1%
		Total	15.874	12.595	-3.279	-21%
4	36	Salary	9.203	7.227	-1.976	-21%
		Non-salary	1.374	0.64	-0.734	-53%
		Development	2.75	1.951	-0.799	-29%
		Revenue	1.083	0.367	-0.716	-66%
		Total	14.41	10.185	-4.225	-29%
5	33	Salary	5.368	4.404	-0.964	-18%
		Non-salary	1.817	1.09	-0.727	-40%
		Development	8.858	5.466	-3.392	-38%
		Revenue	0.733	0.711	-0.022	-3%
		Total	16.776	11.671	-5.105	-30%
6	46	Salary	3.440	3.440	-	0%
		Non-salary	1.147	1.147	-	0%
		Development	5.838	5.838	-	0%
		Revenue	-	-	-	0%
		Total	10.425	10.425	-	0%

7	40	Salary	8.93	8.182	-0.748	-8%
		Non-salary	1.054	0.735	-0.319	-30%
		Development	4.040	2.603	-1.437	-36%
		Revenue	-	-	-	-%
		Total	14.024	11.52	-2.504	-18%
8	43	Salary	8.450	7.346	-1.104	-13%
		Non-salary	1.618	0.633	-0.985	-61%
		Development	7.670	3.575	-4.095	-53%
		Revenue	-	-	-	-%
		Total	17.738	11.554	-6.184	-35%
9	39	Salary	6.272	6.209	-0.063	-1%
		Non-salary	1.614	1.239	-0.375	-23%
		Development	6.492	4.342	-2.150	-33%
		Revenue	-	-	-	-%
		Total	14.378	11.79	-2.588	-18%
10	47	Salary	7.419	6.922	-0.497	-7%
		Non-salary	2.609	0.900	-1.709	-65%
		Development	5.331	3.443	-1.888	-35%
		Revenue	-	-	-	-%
		Total	15.359	11.2653	-4.0937	-27%
Total Salary			76.107	66.035	-10.072	-13.23%
Total Non Salary			17.026	10.024	-7.002	-41.12%
Sub Total			93.133	76.058	-17.075	-18.33%
Total Development			58.332	36.008	-22.324	-38.27%
Grand Total			151.465	112.067	-39.398	-26.01%
Total Revenue			4.792	4.678	-0.114	-2.38%