



AUDIT REPORT
ON
THE ACCOUNTS OF
CATTLE MARKET MANAGEMENT
COMPANY
MULTAN DIVISION
AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Program
AGM	Annual General Meeting
BoD	Board of Directors
CD	Community Development
CFO	Chief Financial Officer
CMMC	Cattle Market Management Company
CMMCMD	Cattle Market Management Company Multan Division
DAC	Departmental Accounts Committee
DCO	District Coordination Officer
DDC	District Development Committee
DDO	Drawing and Disbursing Officer
F&P	Finance and Planning
FD	Finance Department
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government & Community Development
LD	Liquidity Damages
MD	Managing Director
MFDAC	Memorandum for Departmental Accounts Committee
P&D	Planning and Development
PDG	Punjab District Government
PFR	Punjab Financial Rules
PLGO	Punjab Local Government Ordinance
PMU	Programme Management Unit
POL	Petroleum Oil and Lubricants
RDA	Regional Directorate Audit
S&GAD	Services and General Administration Department

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 8 & 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of the accounts of Federation or a Province and the accounts of any authority or body established by or under the control of the Federation or a Province and audit of the accounts of the Public Sector Companies in accordance with the provisions of the Companies Ordinance 1984. Accordingly, the audit of all public sector companies is the responsibility of the Auditor General of Pakistan.

The report is based on audit of the accounts of Cattle Market Management Company, Multan Division for the Financial Years 2014-16. 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 the 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/Managing Director at the DAC level and in all cases where the PAO/MD 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 after management response but no DAC meeting was convened despite repeated requests.

The Audit Report is submitted to the Governor of 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 of Punjab.

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General Audit (DGA), District Governments, Punjab (South), Multan, is mandated to carry out audit of Cattle Market Management Companies in Punjab (South). The Regional Directorate of Audit, District Governments Multan, a Field Audit Office of the DGA, District Governments, Punjab (South), Multan, carries out the audit of Cattle Market Management Companies in Multan and Sahiwal Divisions.

The Regional Directorate Audit (RDA) 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 companies entities, projects and programs. Accordingly RDA Multan carried out audit of the accounts of Cattle Market Management Company, Multan Division for the Financial Year 2014-16 and the findings are included in the Audit Report.

Cattle Market Management Company Multan Division conducts its operations under Companies Ordinance, 1984. The Managing Director is the Principal Accounting Officer (PAO) of the company and carries out functions of the Cattle Market Management Company. According to the Ordinance, the Cattle Market Management Company Fund comprises Government Grant as seed money and receipts generated through its own revenue earning resources. At the time of establishment of company, Commissioner Multan Division had to run the business of the company till the recruitment of core staff since its incorporation.

All cattle markets in Multan Division were being administered by the Cattle Market Management Company Multan Division. Currently company is operating four major cattle markets established at Khanewal, Ludden, Lodhran, and Multan.

Audit Objectives

Audit was conducted with the objectives to ensure that:

1. Money shown as expenditure in the accounts was authorized for the purpose for which it was spent.
2. Expenditure was incurred in conformity with the laws, rules and regulations framed to regulate the procedure for expending of company fund.
3. Every item of expenditure was incurred with the approval of the competent authority in the company.
4. Company fund was not wasted.
5. The assessment, collection and accountal of revenue were made in accordance with the prescribed laws, rules and regulations and accounted for in the books of accounts.

a. Scope of Audit

Out of total expenditure of the Cattle Market Management Company, Multan Division for the Financial Years 2014-16, auditable expenditure under the jurisdiction of RDA, Multan was Rs 108.965 million of company having single PAO. Out of this, RDA, Multan audited an expenditure of Rs 47.945 million which, in terms of percentage, is 44 per cent of total auditable expenditure. Irregularities amounting to Rs 720.463 million were pointed out by Audit. RDA, Multan planned and executed audit of Cattle Market Management Company i.e. 100 per cent achievement against planned audit activities.

Total receipts of the Cattle Market Management Company, Multan Division for the Financial Years 2014-16, were Rs 172.005 million. RDA Multan audited receipts of Rs 56.762 million which in terms of percentage is 33 per cent of total receipts. Irregularities amounting to Rs 129.123 million were pointed out by Audit.

b. Recoveries at the Instance of Audit

Recoveries of Rs 165.556 million were pointed out by Audit which were not in the notice of the management before audit. No amount was recovered and

verified during the Financial Year 2016-17, till the time of compilation of Report.

However, against the total recoverable amount of Rs 158.924 million pertaining to Paras (over one million) drafted in this report, no amount of recovery has been made by the management till the time of compilation of this report.

c. Audit Methodology

Audit was carried out against the standards of financial governance provided under various provisions of the relevant laws, which govern the propriety of utilization of the financial resources of the company in accordance with the regularity framework provided by the relevant laws. On the spot examination and verification of record was also carried out in accordance with the applicable laws / rules and INTOSAI auditing standards.

d. Audit Impact

A number of improvements in record maintenance and procedures have been initiated by the department concerned. However, audit impact in the shape of change in rules could not be materialized as the Provincial Public Accounts Committee has not discussed audit reports being the first audit of the company since its establishment on 10.07.2014.

e. Comments on Internal Control and Internal Audit Department

According to clause 19(l) of the Articles of Associations of the Company BoD shall appoint an Internal Auditor but was not appointed in CMMC Multan Division.

Internal control mechanism of Cattle Market Management Company, Multan Division was not properly exercised in absence of Internal Auditor. Many instances of weak Internal Controls have been highlighted during the course of audit.

f. Key Audit Findings of the Report

- i. Non Production of record involving an amount of Rs 38.501 million was noted in one case¹.
- ii. Irregularities and issues of Non Compliance of Rs 452.165 million were noted in fourteen cases².
- iii. Performance related issues of Rs 115.719 were noted in five cases³.
- iv. Internal control weaknesses involving an amount of Rs 241.604 million were noted in ten cases⁴.

Audit Paras involving procedural violations including internal control weaknesses and other irregularities not considered worth reporting to the Public Accounts Committee were included in Memorandum of Departmental Accounts Committee (MFDAC) as Annex-A.

g. Recommendations

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

- i. Production of complete relevant record to audit for verification.
- ii. Compliance of relevant laws, rules, instructions and procedures, etc. and appropriate actions against officers/officials responsible for violation of rules.
- iii. Comply with the Punjab Public Procurement Rules for economical and rational purchases of goods and services.
- iv. Rationalize budget with respect to utilization.
- v. Make efforts for expediting the realization of various company receipts.
- vi. Ensure establishment of internal control system and proper implementation of the monitoring system.

¹ Para 1.2.1.1

² Para 1.2.2.1 to 1.2.2.14

³ Para 1.2.3.1 to 1.2.3.5

⁴ Para 1.2.4.1 to 1.2.4.10

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Expenditure	Receipt	Total
1	Total Entity (PAO) in Audit jurisdiction	01	108.965	172.005	280.970
2	Total formation in Audit jurisdiction	01	108.965	172.005	280.970
3	Total Entity (PAO) audited	01	47.945	56.762	104.707
4	Total formation audited	01	47.945	56.762	104.707
5	Audit & Inspection Report	01	47.945	56.762	104.707

Table 2: Audit observations regarding Financial Management

(Rupees in million)

Sr. No.	Description	Amount Placed under Audit Observation
1	Unsound asset management	22.752
2	Weak financial management	434.740
3	Weak Internal controls relating to Financial Management	241.604
4	Others	148.893
	Total	847.989

Note: Against an outlay of Rs 280.970 million observations of Rs 847.988 million were pointed out due to irregularities of multiple nature.

Table 3: Outcome Statistics

(Rupees in million)

Sr. No	Description	Expenditure on Physical Assets	Salary	Non-Salary	Civil Works	Receipts	Total current year	Total last Year
1	Total financial outlays	42.976	25.062	40.927	-	172.005	280.970	-
2	Outlays Audited	33.798	7.036	7.111	-	56.762	104.707*	-
3	Amount placed under audit observations/irregularities	22.752	22.961	632.696	-	169.580	847.989	-
4	Recoverable Pointed Out at the instance of Audit	8.529	1.191	25.415	-	123.789	158.924	-
5	Recoverable Accepted / Established at the instance of Audit	8.529	1.191	25.415	-	123.789	158.924	-
6	Recoverable 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 receipt, whereas the total expenditure was Rs 47.945 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 principles of propriety and probity in public operations.	408.960
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from IPSAS*, misclassification, overstatement 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.	241.604
5	Recoverable and overpayments, representing cases of established overpayments or misappropriations of public monies	158.924
6	Non-production of record.	38.501
7	Others, including cases of accidents, negligence etc.	-
Total		847.989

Table 5: Cost Benefit

(Rupees in million)

Sr. No.	Description	Amount
1	Outlays Audited (Item 2 Table 3)	104.707
2	Expenditure on Audit	-
3	Recoveries realized at the instance of Audit	-
4	Cost-Benefit Ratio	-

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

CHAPTER 1

1.1 Introduction

As per the Section 42 of Companies Ordinance, 1984 the Cattle Market Management Company Multan was incorporated as a company limited by guarantee to function within the Local Government framework and adhere to the company laws and Local Government rules to manage the functions of cattle markets in Multan Division.

According to the Memorandum of Association of Company, the authorities of the company include Chairman, Board of Directors (BoD), Managing Director and such other bodies, sub-committees or panels as may be appointed and / or constituted from time to time by BoD of CMMC, Multan. The company is competent to acquire, hold or transfer any property, moveable and immovable, to enter into contract and to sue or be sued in its name through Managing Director. The authority of the Company comprises the management and control of cattle markets in the entire Multan Division. It exercises such authority within the Multan Division in accordance with general policy of the Government. The CMMC is responsible to the people and is mandated for improvement of governance and delivery of services in cattle markets within the ambit of authority delineated under its incorporation.

According to the Articles of Association of Company, MD is the Principal Accounting Officer of the Company and is responsible to the BoD and Public Accounts Committee of the Provincial Assembly. MD is responsible to ensure that the business of the company is carried out in accordance with the laws and to coordinate the operational activities of the company for coherent planning, development as well as effective and efficient functioning of cattle markets.

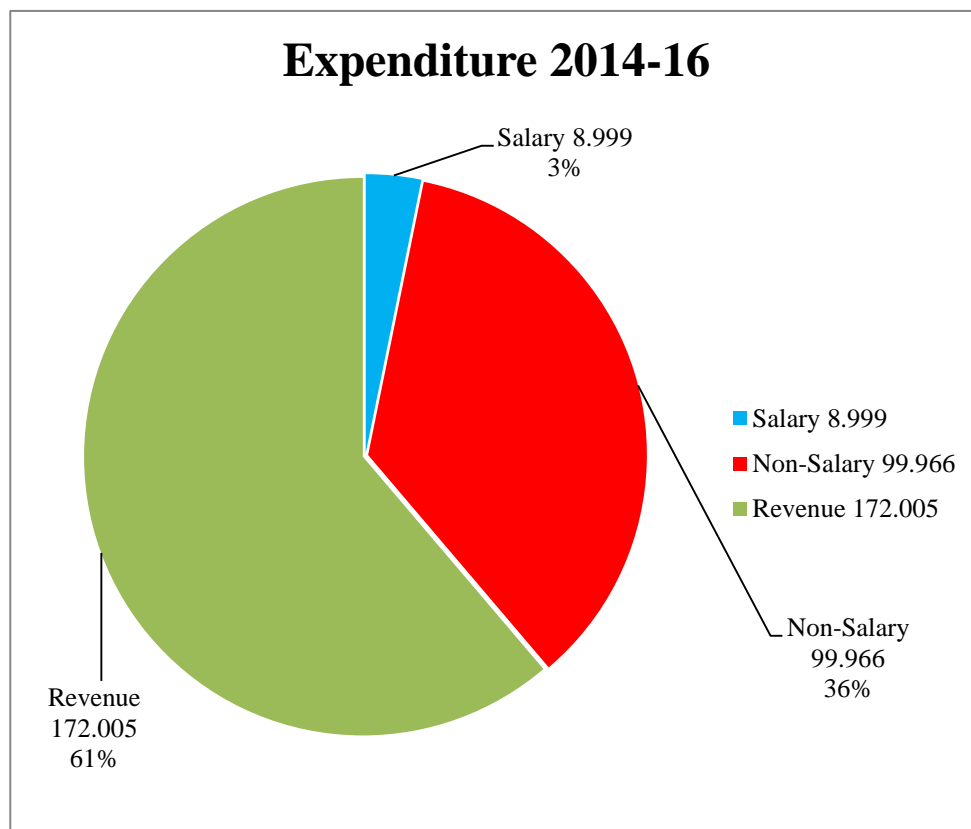
1.1.1 Comments on Budget and Accounts

The detail of Budget and Expenditure is given below in tabulated form:

(Rupees in million)

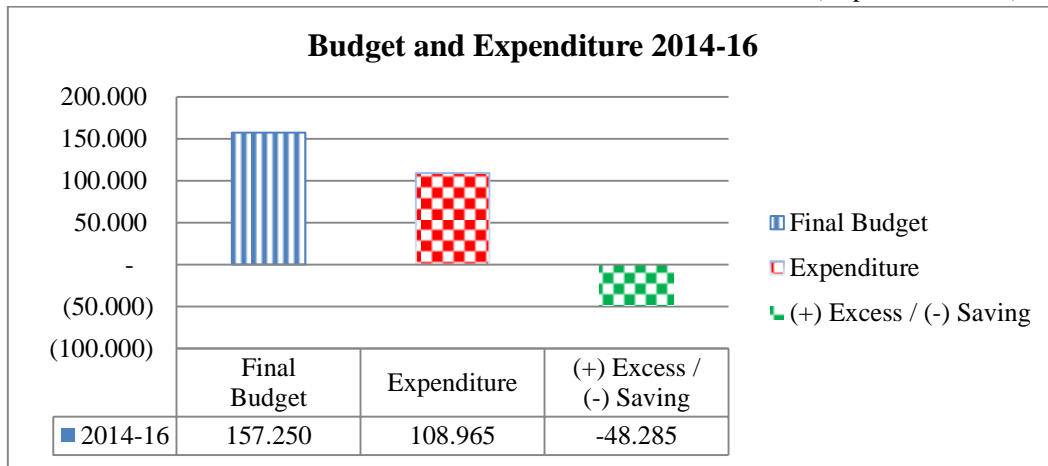
2014-16	Budget	Actual	Excess (+) / Saving (-)	% (Saving)
Salary	11.500	8.999	-2.501	-22%
Non-salary	145.750	99.966	-45.784	-31%
Sub Total	157.250	108.965	-48.285	-31%
Revenue	197.206	172.005	-25.201	-13%

(Rupees in million)



As per the Financial Statements 2014-16 of the Cattle Market Management Company, Multan Division, total budget (Non-Development) was Rs 157.250 million. Against the budget, total expenditure of Rs 108.965 million was incurred by the Cattle Market Management Company, Multan Division during the Financial Years 2014-16. A saving of Rs 48.285 million came to the notice of Audit, which shows that the company failed to provide services and infrastructure development. **(Annex-B)**

(Rupees in million)



1.1.2 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2015-16

Being first audit of Cattle Market Management Company this may be treated as NIL.

1.1.3 Brief Comments on the Status of Compliance with PAC Directives

The PAC has not been constituted so far.

1.2 AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non production of record – Rs 38.501million

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. Further, according to Section 115(6) of the Punjab Local Government Ordinance 2001, all officials shall afford all facilities and provide record for audit inspection and comply with the requests for information in as complete a form as possible and with all reasonable expedition.

Management of Multan Cattle Market Management Company did not provide the following auditable record for audit scrutiny:

- i. Tender record of outsourcing of different revenue sources for the period 2014-15 having a reserve price of Rs 21.285 million.
- ii. Complete vouched account of Rs 10.925 million and Rs 1.791 million of income and expenditure respectively for the period 2014-15.
- iii. Vouched account of Rs 4.500 million transferred to Account No. 5612-4 of B&B Company on 16.04.2015 from company's bank account.
- iv. Signed copies of financial statements for the FY 2014-16.
- v. Minutes of 15th & 16th BoD meeting duly signed by Chairman.
- vi. Budget books / copies of budget for the period 2014-16
- vii. Diary and dispatch register of company for audit period.

- viii. Inquiry report of CMIT regarding the inquiry of Fire Incident and operational mismanagement.
- ix. Copy of orders of termination of employees.
- x. General cash book for FY 2014-15 duly signed by co-signatories.
- xi. Complete vouched account of self-recovery.
- xii. Notes side of pay and allowances file.
- xiii. Detail of mal-practices of Ex-Managing Director and action taken against him

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

Non production of record of Rs 38.501 million created doubts about the legitimacy of expenditure / record.

The matter was reported to Managing Director during May, 2017. The Managing Director replied that record was available and could be verified. The reply was not tenable as no record was provided for verification. DAC meeting was not convened despite efforts made by Audit. No progress was intimated till finalization of this Report.

Audit recommends that record be produced to Audit for scrutiny, responsibility be fixed and disciplinary action be taken against the person(s) at fault.

[AIR Para No. 15,32,41,43,52]

1.2.2 Irregularities and Non Compliance

1.2.2.1 Unauthorized incurring of expenditure out of company funds by Commissioner – Rs 108.965 million

According to Clause 20 of Articles of Association of the company the Board of Directors may by resolution delegate such administrative, financial and other powers to its Managing Director, Committees, Sub-committees, Panels and Boards or any other officer of the Company as it may consider necessary and proper, subject to the condition that action taken by them under the powers to be delegated, shall have to be confirmed / ratified at the next meeting of the Board of Directors.

Commissioner Multan Division exercised the financial powers as a co-signatory of the company without delegation of such powers to him by resolution of the Board of Directors during the period 2014-16. Board of Directors can only delegate such powers to any officer of the company whereas commissioner was not a company officer hence unauthorized functioning as a co-signatory by Commissioner was observed. Expenditure to the tune of Rs 108.965 million was incurred in an unauthorized manner by Commissioner during 2014-16.

Audit is of the view that due to weak financial management, the expenditure was incurred by the Commissioner without delegation of such powers by resolution of the Board.

Exercise of financial powers by the officer without having delegated powers which resulted in unauthorized expenditure of Rs 108.965 million.

The matter was reported to Managing Director during May, 2017. The Managing Director replied that during 2014-16 no resolution was placed before the BoD meetings regarding delegation of such powers therefore, Commissioner continued exercising financial powers as co-signatory of the Company. The Company admitted the irregularity but the Commissioner continued as co-signatory without delegation of such powers by BoD.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends regularization of expenditure from the Government of Punjab besides fixing responsibility on the person(s) at fault.

[AIR Para No. 5]

1.2.2.2 Unauthorized expenditure without approval of budget – Rs 108.965 million

According to Clause 19(r) of Articles of Association of Cattle Market Management Company Multan Division (CMMCMD), Board of Directors (BoD) shall have the powers to incur expenditure subject to provision of the approved budget.

Managing Director and Commissioner Multan Division incurred an expenditure of Rs 108.965 million during 2014-16 beyond the availability of budgetary provisions approved by the Board of Directors. The budget for the Financial Year 2015-16 was approved on 25.08.2016 without availability of any head wise allocations after the expiry of concerned financial year. Therefore, Managing Director incurred expenditure without having provisions of approved budget.

Audit is of the view that due to weak internal controls, expenditure was incurred without approval of detailed head wise budget allocation by the BoD.

Incurring of expenditure without detailed head-wise budget allocation resulted in irregular expenditure of Rs 108.965.

The matter was reported to Managing Director during May, 2017. Managing Director replied that issue was taken up by the Management and Ex-post facto approval of the budget was planned to be obtained in next Annual General Meeting (AGM). The MD admitted the irregularity.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

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

[AIR Para No. 22]

1.2.2.3 Unjustified transfer of funds to the CMMC Multan Division – Rs 69.750 million

According to letter No.AO (Dev)(LG)2-252/2014(P-IV) dated 20.11.2014 of LG &CD Department, all the Commissioners in the Punjab were directed to reimburse the amount of the respective TMAs on holding of cattle markets since 1st July 2014 from the funds released by Finance Department vide release advice No. FD(TMA)3-9/2014-15 dated 12.11.2014 and the balance funds may be transferred to the respective Cattle Market Management Companies.

Commissioner Multan transferred entire funds of Rs 69.750 million to the CMMC Multan on 17.06.2015 without reimbursement of amount of liabilities to the respective TMAs as advised by LG&CD Department.

(Rupees in million)

FD letter No. & Date	Amount allocated in SDA	Amount credited in company account	Date of credit in Company's account
FD(TMA)3-9/2014-15 dated 18.02.2015	23.250	23.250	17.06.2015
FD(TMA)3-9/2014-15 dated 12.11.2014	46.500	46.500	17.06.2015
Total		69.750	

Audit is of the view that due to weak internal controls, funds were transferred to Company's account without making payment to the TMAs.

Non observance of instructions of the Government resulted in unjustified transfer of Rs 69.750 million in company's account.

The matter was reported to Managing Director during May, 2017. MD replied that it was decided in 11th BoD Meeting that payment to the TMAs would be made after verification of bills by the respective DCOs. The reply was not tenable as expenditure was incurred by TMAs on the direction of Commissioners

with a guarantee of reimbursement but not recouped to concerned TMAs and funds were transferred to company account.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends reimbursement of TMA's expenditure besides fixing responsibility on the person(s) at fault.

[AIR Para No. 21]

1.2.2.4 Non-maintenance of financial statements – Rs 46.975 million

According to Section 233(1)(2)(3)(4) of Companies Ordinance, 1984 the directors of every company shall at some date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year lay before the company in annual general meeting a balance sheet and profit and loss account or in the case of a company not trading for profit an income and expenditure account for the period, in the case of the first account for the period since the incorporation of the company and in any other case since the preceding account, made up to a date not earlier than the date of the meeting by more than four months. Provided that, in the case of a listed company the Commissioner, and in any other case the registrar, may, for any special reason, extend the period for a term not exceeding one month. According to clause 19(k) of Articles of Association of company it is the duty of board to prepare the annual report and cause the preparation of accounts.

Managing Director/Chief Financial Officer of CMMC Multan Division failed to prepare and submit the annual accounts of Rs 46.975 million for the period 2015-16 to the members of BoD despite lapse of ten months regarding the income and expenditure of the company. The books of accounts for the period 2015-16 were not closed till the dates of Audit i.e. 02.05.2017. The financial statements were not prepared & signed by concerned authorities. Moreover, BoD failed to print annual report on the basis of preparation of books of accounts for the FYs 2014-16. The detail of income and expenditure is as under:

(Rupees in million)

Particulars	Amount
Opening Balance as per Bank as on 01.07.2015	79.305
Income credited during the FY 2015-16	15.392
Expenditure incurred during the FY 2015-16	31.583
Closing Balance as per Bank as on 30.06.2016	63.114
Total of income and expenditure during FY 2015-16	46.975

Audit is of the view that due to defective financial management, the books of accounts / financial statements were not prepared.

Non-maintenance of financial statements resulted in violations of statutory requirements of Companies Ordinance.

The matter was reported to Managing Director during May, 2017. MD replied that the financial statements were not maintained due to vacant post of CFO. Now quotations were being obtained for printing of financial statements. Reply was not tenable as MD admitted the irregularity. Moreover, the late preparation of books of accounts could not be authenticated without prior approval of Company Registrar.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends preparation of books of accounts and annual financial statements besides fixing responsibility on the person(s) at fault.

[AIR Para No. 1]

1.2.2.5 Loss due to non outsourcing of revenue sources in cattle markets – Rs 39.756 million

According to Para 3(1)(3) of minutes of meeting of Expert Sub-committee for outsourcing at cattle markets in Punjab held on 18.02.2015 under the chairmanship of Advisor to the Chief Minister and convener of committee,

twenty six (26) services / facilities and five (5) revenue sources were approved. Following are the permissible revenue sources for outsourcing:

- i. Collection of rent from Fodder Shops
- ii. Collection of rent charges from Hotel / Canteen / Tea Stalls
- iii. Collection of rent charges from ornamental shops and general stores / promotional stalls / workshops / bilty points
- iv. Parking Fee (as per directions of Govt. conveyed in January 2016)
- v. Sale of solid waste

Managing Director and General Manager Operations of the Company did not auction the existing revenue sources in the cattle markets during Financial Years 2014-16 despite the fact that these revenue sources existed in the markets but no revenue was realized. During transition phase, an amount of Rs 4.093 million was incurred by TMAs during 2014-16 for the operations of cattle markets but no revenue was realized by Director Local Government (Managing Director) of company. This resulted in an expected loss of revenue of Rs 39.756 million. **Annex-C**

Audit is of the view that due to negligence of the administrative authorities, the possible income / revenue was not realized.

Non-realization of revenue to company fund resulted in loss of Rs 39.756 million.

The matter was reported to Managing Director during May, 2017. MD replied that tender for the said services was published but company did not get response against outsourcing of these services. The reply was not tenable as no outsourcing of these revenue sources was made.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends realization of income from all sources of income besides fixation responsibility on the person(s) at fault.

[AIR Para No. 24,50]

1.2.2.6 Misprocurement of supplies – Rs 22.752 million

According to Rule 38 (2)(a) (iv) of the Punjab Procurement Rules, 2014, the procuring agency shall reject any proposal which does not conform to the specified technical requirements. It also requires the procuring agency to convey the decision of disqualification to the disqualified firm who shall have the opportunity to approach the Grievance Redresses Committee in case of objection to such disqualification. Moreover the terms and conditions once advertised in tender cannot be changed until and unless a corrigendum should be published.

Managing Director / General Manager Operations incurred an expenditure of Rs 22.752 million during 2015-16 on the procurement of tents / canopies, mangers (khurlies), and iron cots, for cattle markets. The following irregularities were noticed:

- i. Total number of tenders / bid documents issued and tender sale register were not maintained which required recovery of tender fee.
- ii. Same supplier in different names was allowed participation in tender process as reflected from particulars of competing bidders hence competitive bids were not ensured.
- iii. Technical evaluation of suppliers was made without constitution of technical scrutiny committee and grievances redresses committee.
- iv. The approved samples were not shown to Audit for comparison of actual consignment delivered. Neither any drawing was found available in conformity of specifications required for procurement of iron cots, khurlies etc.
- v. The bids excluding taxes were accepted whereas the bidders were bound to submit bids inclusive of all taxes.

- vi. The supply orders were issued without obtaining security deposit not less than 5% of agreement amount. Later on, security deposit was deducted from bills while making payment irregularly.
- vii. Defective supply orders were issued without mentioning dispatch number, date of issuance and delivery period.

Audit is of the view that due to weak internal controls, irregular procurement was made without fulfilling of codal formalities.

Incurring of expenditure without fulfillment of codal formalities resulted in mis-procurement of assets of Rs 22.752 million.

The matter was reported to Managing Director during May, 2017. MD replied that action would be taken on the recommendations of Audit as no performance security was refunded to suppliers. MD admitted the irregularity in his reply and committed for taking action.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

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

[AIR Para No. 10]

1.2.2.7 Loss due to non-payment of advance income tax – Rs 12.731 million

According to circular No. C.No.4 (36) ITP/2013 dated 19.07.2013, an amendment made in Section 236A of Income Tax Ordinance, 2001, that the rate of collection of income tax under Section 236A (imposition of income tax on sales by auction) has been increased from 5% to 10%.

Managing Director and Chief Financial Officer of company failed to ensure the payment of advance income tax of Rs 12.731 million in Government

treasury on account of auction amounts of different revenue sources during 2014-16 as detailed in **Annex-D**.

Audit is of the view that due to weak financial management and non-compliance of rules, the income tax was not paid by the Company / successful bidders of the company.

Non-payment of income tax resulted in loss of Rs 12.731 million.

The matter was reported to Managing Director during May, 2017. MD replied that efforts were being made for recovery of advance income tax where applicable. Reply was not tenable as MD admitted the irregularity in his reply. Moreover, no actions taken were provided against the bidders who did not sign the agreement.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery of income tax of Rs 12.731 million besides fixing responsibility on the person(s) at fault.

[AIR Para No. 3]

1.2.2.8 Procurement on exorbitant rates resulted in overpayment to supplier – Rs 10.180 million

According to Rule 2.10 (a)(1) of Punjab Financial Rules Vol-I, same vigilance should be exercised in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of expenditure of his own money. Moreover, according to Rule 4 of the Punjab Procurement Rules 2014, a procuring agency, while making any procurement, shall ensure that the procurement is made in a fair and transparent manner, the object of procurement brings value for money to the procuring agency and the procurement process is efficient and economical.

Managing Director and Chief Financial Officer of CMMCMD overpaid an amount of Rs 10.180 million to suppliers on procurement of supplies on

exorbitant rates during 2015-16 as compared to market rates. Audit compared the rates of tents, khurlies and iron cots purchased by CMMC of Sahiwal Division with the rates paid by CMMC Multan Division during same financial year having almost same specifications. The comparative analysis revealed an overpayment of Rs 10.180 million made by CMMC Multan Division as detailed below:

(Rupees in million)

Sr. No.	Name of Items	Name of Supplier	Qty Supplied	Rate Paid by CMMCMD excluding Taxes (Rs)	Rate Paid by CMMCSD excluding taxes (Rs)	Excess rate Paid (Rs)	Excess Payment
1	Khurlies	Siddique & Co.	500	4,400	2,190	2,210	1.105
2	Iron Cots	Waqas Constructio n Co.	500	5,200	2,800	2,400	1.200
3	Canopies / Tents (in SFTs)	Mirza Muhammad Imran	300,000	46	20	26	7.875
Total							10.180

The rate comparison of tents/canopies was compared on the basis of taking Per Square Feet rate paid by both the companies as detailed below:

Particulars	Sahiwal CMMC	Multan CMMC	Specifications/Quality
Rate per tent/canopy	13070	139,260	All specifications and quality of cloth used in consignment supplied in Sahiwal Division was much better than supplied in Multan.
Covered area in Sfts	18x36=648	50*60=3,000	
Rate per Sft	Rs 20.17	Rs 46.42	

Audit is of the view that due to weak financial management and non-adherence of cannons of financial propriety, the exorbitant rates were approved for procurement.

Procurement on exorbitant rates resulted in loss of Rs 10.180 million.

The matter was reported to Managing Director during May, 2017. MD replied that the tender was advertised and after completing tender process, work orders issued to the lowest bidders. The reply was not tenable as rates paid were almost double than the market rates.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery from concerned besides fixing responsibility on the person(s) at fault.

[AIR Para No. 12]

1.2.2.9 Overpayment due to exorbitant rates paid to suppliers – Rs 8.529 million

According to Terms and Conditions No. 5 of tender notice published in Daily Jang Multan dated 27.08.2015 for procurement of supplies “The financial proposal shall be inclusive of all taxes”. According to condition No. (v) (vi) & (xvi) of supply orders, deliveries made outside reasonable 30 days after issuance of purchase order may be subject to penalty of the tranche. Each claim for payment by the supplier must be accompanied by a tax invoice and invoices shall separately identify the GST component. In case of any dispute the decision of Managing Director, MCMC will be final. According to Para 40/N of the note sheet the MD has referred the case to chairman procurement committee who recommended penalty by discrimination that 2% penalty will be imposed on canopies supplied and 1% on Iron Cots and Khurlies supplied regardless of the delay in days.

Managing Director and Chief Financial Officer overpaid an amount of Rs 8.529 million to suppliers on procurement of supplies of 100 canopies, 500 iron cots and 500 khurlies (mangers) during 2015-16. **Annex- E**

Overpayment was made to suppliers on following grounds:

- i. The procuring agency irregularly accepted the bids on excluding tax rates contrary to the contents of tender published. Therefore, addition of provision of taxes on bid amounts in the supply orders was irregular. An amount of Rs 7.589 million was overpaid to the favored suppliers as worked out below:

(Rupees in million)

Name of Supplier	Item	Quantity	Rate	Amount (bid amount being inclusive of all taxes as advertised)	GST already included in Bid	GST addition ally added	Income Tax already deductible from bid amount at payment	Withholding income tax additionally added	Total GST and Withholding Income tax Recoverable
Mirza Muhammad Imran	Canopy (50X60)	100	0.139	13.926	2.023	2.367	0.627	0.627	5.644
Waqas Const. company	Iron Cot (4X6)	500	0.004	2.200	0.320	0.374	0.099	0.099	0.892
Siddique & Co.	Khurlies /Manger	500	0.005	2.600	0.378	0.442	0.117	0.117	1.054
Total		1,100	-	18.726	2.721	3.183	0.843	0.843	7.590

- ii. GST was paid to the suppliers without obtaining Sales Tax Invoices. Moreover, deposit proof of GST was also not shown to Audit.

The chairman procurement committee recommended 2% LD charges on late supply of tents and 1% on late supply of iron cots' and Khurlies without mentioning the delay in period. Such discriminatory recommendations of chairman were irregular as the delay of 10 days and delay of 186 days in supply should have been charged at different rates. Audit worked out liquidated charges amounting to Rs 1.172 million @ Rs 0.067% per day instead of Rs 0.233 million charged by CFO/MD. This resulted in less recovery of Rs 0.940 million. The detail is given below:

(Rupees in million)

Name of Supplier	Item Purchased	Particulars	Amount incl. taxes as per Company's record	Deduction of Liquidated Damages
Mirza Muhammad Imran	Canopies	Calculations of LD to be made	16.293	1.052
		Calculations of LD made	16.917	0.209
		Difference	(0.624)	(0.843)
Waqas Construction Company	Iron Cot	Calculations of LD to be made	2.574	0.040
		Calculations of LD made	2.673	0.008
		Difference	(0.099)	(0.032)
Siddique & Co.	Khurlies (Mangers)	Calculations of LD to be made	3.042	0.080
		Calculations of LD made	3.159	0.016
		Difference	(0.117)	(0.065)
Total Difference of less deduction of LD			(0.840)	(0.940)

- iii. The supplier of canopy was allowed to change the specification and reduce length of iron pipe from 25 Rft to 20 Rft but no deduction in rates on the basis of this length reduction was made / shown to Audit.

Audit is of the view that due to weak internal controls, overpayment of Rs 8.529 million was made to contractors due to defective calculations of taxes and penalties.

Overpayment to suppliers resulted in loss of Rs 8.529 million

The matter was reported to Managing Director during May, 2017. MD did not submit any reply.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery of overpaid amount besides fixing responsibility on the person(s) at fault under intimation to Audit.

[AIR Para No. 11]

1.2.2.10 Irregular recruitment of staff – Rs 7.795 million

According to the minutes of 11th BoD meeting the recruitment committee for positions of office and field staff was as follows:

Sr. No.	Name of Member
1	Dr. Habib Ullah Baig
2	Mr. Ajaz Shah
3	Ch. Zia Ullah Gujjar
4	Any DCO as Representative of Commissioner Multan
5	Managing Director (Convener)

Moreover, according to the Recruitment Policy – 2014 circulated vide Government of the Punjab letter No. SO (SE-IV) 2-2/2014 dated October 20, 2014 determined the ranking criteria of merit marks, the marks of interview are 5, marks for professional qualification are 5, marks allocated for entry test are 10 and rest of the 80 marks pertain to academic qualification of the applicant in

order to minimize the involvement of the selection committee and to ensure merit.

Irregular recruitment committee recruited various persons for appointment on respective posts and paid salaries to the tune of Rs 7.795 million from company funds. Audit observed the following irregularities:

- i. Merit list was prepared in violation of standard criteria as no marks were awarded to the candidates according to their qualification.
- ii. Importance was given to likes and dislikes of recruitment committee members instead of qualification/competency of the candidates.
- iii. Irrelevant members were included in the recruitment committee i.e. Assistant Commissioner (Revenue) and Director Local Government as representative of Commissioner instead of DCO.
- iv. Applications of candidates were not entered in diary register with actual date of receiving.
- v. Basis of allocation of marks were contradictory to the recruitment policy i.e. 70 marks were placed on the discretion of recruitment Committee instead of 5 marks. Members of recruitment committee awarded maximum marks to the favorite candidate irrespective of their academic qualification.
- vi. Blood relations and close relatives of members of recruitment committee were appointed. Mostly Recovery Attendants and Assistant Manager Operations were relatives of Commissioner office staff, Director Local Government office staff and relatives of Members of BoD.

Audit is of the view that due to weak internal controls, the staff was recruited by incompetent recruitment committee.

Recruitment of staff by irregular recruitment committee and without observing codal formalities resulted in irregular recruitment and payment of salaries of Rs 7.795 million.

The matter was reported to Managing Director during May, 2017. MD replied that staff was recruited on merit by recruitment committee. The reply was not tenable as numerous observations were raised by Audit on these recruitments.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends inquiry in the matter and regularization besides fixing responsibility on the person(s) at fault under intimation to Audit.

[AIR Para No. 9]

1.2.2.11 Irregular recruitment of staff against key posts – Rs 6.180 million

Government of the Punjab, LG&CD Department vide Notification No. AO(DEV.)(LG)2-252/97(P.V) dated 10th July 2014, circulated the proposed HR structure/organization chart of the company and draft TORs and qualification of key professionals/core staff. According to Rule 3 of Section 22 of the Punjab Civil Service (Appointment and Condition of Service) Rules, 1974, the selection is made on the basis of merit determined by objective criteria.

The Managing Director paid an amount of Rs 6.180 million on account of salary of Managing Director, General Manager Operations, Chief Financial Officer and Internal Auditor during 2015-16. The above officers were not recruited in a fair, open competitive and transparent manner. Audit observed the following irregularities:

- i. Record regarding total number of applicants applied for each post against each advertisement, short listing of candidates and merit lists was not provided.

- ii. In violation of LG&CD circulated TORs regarding eligibility and criteria, 2nd advertisement was made in the press. Applications were invited from in-service Government officers on deputation basis for the post of MD and GMO. Later on in 3rd advertisement, the applications were invited from private/Public/Government sectors. The eligibility criteria and pay package of selected candidates was not got vetted from LG&CD Department before issuance of offer letters.
- iii. No reasons were on record for rejection of applications of rejected candidates.
- iv. Recruitment for the post of MD was finalized by the committee in its meeting dated 07.03.15 but the selected candidate was not issued offer of appointment and post was re-advertised 3rd time.
- v. Mr. Ahmed Jan Malik who was previously rejected by the committee again applied for the post of MD after 3rd advertisement and was appointed / adjusted by the committee.
- vi. Audit apprehend that as in 2nd advertisement process of selection of MD and GMO only the post of GMO was recommended for re-advertised but both post were advertised by the acting MD in order to adjust Mr. Ahmed Jan Malik.
- vii. Applications received for the post of GMO against 3rd advertisement were not provided to Audit. Merit list for the post of GM Operations revealed that a 2nd Division candidate was selected by ignoring the 1st Division candidates without any cogent reasons.
- viii. CFO was appointed without issuance of offer for appointment and acceptance of terms and conditions regarding pay package offered by company but was paid continuously. Approval of the BoD followed by the approval of Chairman was also not available.

Audit is of the view that due to weak internal controls, non-transparent recruitment was made.

Recruitments of officer in non-transparent manner by violating the merit resulted in irregular recruitments and payment of salaries of Rs 6.180 million.

The matter was reported to Managing Director during May, 2017. MD replied that recruitment was made by recruitment committee on merit. Reply was not tenable as recruitments were not made in a fair, open competitive and transparent manner.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends Inquiry of the entire recruitment process besides fixing responsibility on the person(s) at fault.

[AIR Para No. 17]

12.2.12 Irregular lease agreement for land of cattle markets – Rs 4.303 million

According to Rule 22 of the Punjab Procurement Rules 2014 describes the principal method of procurement that the procuring agencies shall use open competitive bidding or publication of request for tender as the principal method of procurement for the procurement of goods, services and works. Further, according to Rule 16 (1) (a) of Local Government (Property) Rules, 2003 the immovable Property may be leased out in a manner that it shall be given on lease through competitive bidding.

General Manger (Operations) of MCMMC signed a lease agreement for three years with land owner for obtaining of property on lease for cattle market at Ludden and Mouza Bulail without adopting the process of competitive bidding followed by open advertisement / tender process during the period 2015-16. The calculation of lease amount is given below:

(Rupees in million)

Cattle Market	Name of Landlord	Rate per Acre	No. of Acre	Amount 1 st year	Amount 2 nd year	Amount 3 rd Year	Amount
Ludden	Mukhtar Ahmed s/o Mian Ahmed Khan	0.040	10	0.400	0.440	0.484	1.324

Cattle Market	Name of Landlord	Rate per Acre	No. of Acre	Amount 1 st year	Amount 2 nd year	Amount 3 rd Year	Amount
Mouza Bulail	Tahir Ahmed Asghar Khokhar s/o Rashid Asghar Khokhar	0.090	10	0.900	0.990	1.089	2.979
Total							4.303

Audit is of the view that due to weak internal controls, lease agreement was signed without competitive bidding in violation of rules.

Contracting a lease agreement for rent of land without competitive bidding resulted in irregular lease agreement of Rs 1.324 million.

The matter was reported to Managing Director during May, 2017. MD replied that the land was taken up on lease after approval of the competent authority. Reply was not tenable as no process of competitive bidding was adopted.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends regularization from the competent authority besides fixing responsibility on the person(s) at fault.

[AIR Para No. 34,35]

1.2.2.13 Non reimbursement of liabilities to TMAs and defective maintenance of financial statements – Rs 4.093 million

According to letter Government of the Punjab LG & CD Department letter No. AO (Dev)(LG)2-252/2014(P-IV) dated 20.11.2014, all the Commissioners in the Punjab were directed to reimburse the amount of the respective TMAs on holding of cattle markets since 1st July 2014.

Management of the company did not reimburse the expenditures incurred by the TMA on behalf of cattle markets since 1st July, 2014 despite release of funds from Finance Department. Moreover, acting MD/CFO defectively maintained the books of accounts as only Rs 0.148 million were reflected as

liabilities in balance sheet instead of reflecting total pending liabilities amounting to Rs 4.093 million. The detail of pending liabilities is given below:

(Rupees in million)

Name of TMA	Year	Amount
TMA Vehari	2015-16	1.056
TMA Vehari	2014-15	0.810
TMA Sher Shah	2014-15	0.637
TMA Lodhran	2014-15	0.708
TMA Burewala	2014-15	0.881
Total		4.093

Audit is of the view that due to weak financial management, the expenditure incurred on the operations of cattle markets by the TMAs were not reflected in the books of accounts.

Non reimbursement of expenditure to the TMAs and non reflection of pending liabilities in accounts resulted in defective maintenance of books of accounts.

The matter was reported to Managing Director during May, 2017. MD replied that TMA were directed to submit its claims duly vetted by DCOs concerned for reimbursement but it did not comply with; hence, no liability was booked in accounts nor the amounts were reimbursed. The reply was not tenable as neither expenditure was refunded to TMAs nor the liabilities were reflected in books of accounts and books of accounts were closed for FY 2014-15.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends payment of liabilities to respective TMAs and maintenance of correct account besides fixing responsibility on the person(s) at fault.

[AIR Para No. 2]

1.2.2.14 Overpayment of salaries to Managing Director – Rs 1.191 million

According to Rule 2.31 of the PFR Vol-1, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any

overcharges, frauds and misappropriation. Further, MCMC vide its letter No. CMMC/MN/3063 dated 19.10.2016 addressed to Section Officer of S&GAD and Accounts Officer of LG&CD Department conveyed the terms and conditions regarding salary that CMMC will be paid as per regular pay and allowance of concerned BS-16 plus 20% of basic pay as deputation allowance subject to maximum of Rs 12,000 only. Furthermore, according to Letter No. 1/33/2010-E-2 Dated 09.07.2015 of Cabinet Secretariat Establishment Division this officer was transferred from cabinet secretariat to MCMC under LG & CD Department on deputation basis.

Multan Cattle Market Management Company offered and paid excess salaries Rs 1.191 million during 2015-16 to Managing Director than his entitlement being transferred from Cabinet Division and posted on deputation basis in Multan Cattle Market Management Company under LG&CD Department of Government of the Punjab. **Annex-G**

Audit is of the view that due to weak financial management; excess salary was paid to the Ex-MD.

Overpayment of salaries resulted in loss of Rs 1.191 million.

The matter was reported to Managing Director during May, 2017. MD replied that payment of salary was made after the approval of competent authority. The reply was not tenable as the committed terms and conditions to S&GAD Department differed from the terms and conditions of pay package offered and paid to the officer.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery of overpaid amount besides fixing responsibility on the person(s) at fault under intimation to Audit.

[AIR Para No. 45]

1.2.3 Performance

1.2.3.1 Loss due non realization of revenue from successful bidders – Rs 104.701 million

According to the Rule 76 (1) of the Punjab District Government & TMA (Budget) Rules 2003, the primary obligation of the Collecting Officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the local government fund under the proper receipt head.

Managing Director CMMC Multan Division failed to recover the bid amounts of outsourcing from the successful bidders during 2014-15. Against total recoverable revenue of Rs 115 million only Rs 10.298 million was recovered. An amount of Rs 104.701 million was not recovered. The detail is as under:

(Rupees in million)

Name of Successful Bidder	Period	Acceptance No. & Date	Name of source	Amount of agreement	Revenue realized	Revenue not realized
The B&B Contractor Company	2014-15	DLG/MN/C MMC/76 DATED 12.07.14	Service provision in cattle Market Multan	45.000	10.250	34.750
Mr. Amjad Khan	2014-15	Not Provided	Service provision in cattle market at Kabirwala	10.000	-	10.000
Mr. Nimat Ullah Khan	2014-15	Not Provided	Service provision in cattle market at Lodhran	25.500	-	25.500
Mr. Abdul Qayyum Khan	2014-15	Not Provided	Service provision in cattle market at Duniyapur	4.000	-	4.000
Abdul Ghaffar s/o Mohammad Din	2014-15	Not Provided	Service provision in cattle market at Burewala	4.000	-	4.000
Abdul Ghaffar s/o Mohammad Din	2014-15	Not Provided	Service provision in cattle market at Vehari	5.500	-	5.500
Mr. M. Amjad Khan s/o Allah Nawaz	2014-15	Not Provided	Service provision in cattle market at Khanewal	15.000	-	15.000
Muhammad Kashif Khan	2014-15	Not Provided	Service provision in cattle market at Mailsi	6.000	0.048	5.952
Total				115.000	10.298	104.701

Audit is of the view that due to weak internal controls, the income / revenue was not realized.

Non realization of revenue from bidders resulted in loss of Rs 104.701 million.

The matter was reported to Managing Director during May, 2017. MD replied that B&B Company organization went to arbitration and rest of the suppliers did not sign the agreements. The reply was not tenable as no record was produced in support of reply.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery from concerned besides fixing responsibility on the person(s) at fault.

[AIR Para No. 27]

1.2.3.2 Loss due to non recovery of dues from the defaulter contractors – Rs 8.298 million

According to Sr. No.9 of the Provisions of Agreement, in case of non-payment of dues and non-fulfillment of other conditions of the agreement, the contract will be cancelled and will be retendered on risk and cost of the contractor. If retendering will be unsuccessful, the Cattle Market Management Company will make recovery itself and any loss to the Company will be recovered from the contractor.

Managing Director CMMC Multan Division did not take any action against the contractors for non depositing the bid amount of Rs 8.298 million. The contracts for provision of Perali / Tori / Sand and services of Khokha / temporary stalls were awarded to M/S Sadiq Qureshi and M/S Qasim Shahbaz in September and October, 2015 for the remaining Financial Year 2015-16. The contractors became defaulters for nonpayment of dues within due date since December, 2015. As per instruction of inquiry team visited the office of company on 04.08.2016, FIR should be registered immediately, but MD did not take any action despite the case was submitted for action on 13.08.2016 by the CFO. The BoD in its meeting dated 10.03.2017 decided that recovery would be made from

the defaulter contractors by implementing Land Revenue Act, but the case was not sent for recovery.

Audit is of the view that due to weak internal controls, dues were recovered from defaulting contractors.

Non recovery of dues from the contractors resulted in loss amounting to Rs 8.298 million.

The matter was reported to Managing Director during May, 2017. MD did not submit any reply.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery of Rs 8.298 million from the defaulting contractors, besides fixing responsibility on the person(s) at fault.

[AIR Para No. 14]

1.2.3.3 Non realization of revenue – Rs 1.430 million

According to Para 3(1)(3) of minutes of meeting of Expert Sub-committee for outsourcing at cattle markets in Punjab held on 18.02.2015 under the chairmanship of Advisor to the Chief Minister and convener of committee there are various services / facilities to be provided on charging of prescribed rates.

General Manager Operations did not optimally utilize the available sources of khurli and charpaies to maximize the revenue by provision of necessary facilities as per the core business of the company. Against the purchased articles an amount of Rs 1.430 million was less realized during 2015-16 as detailed in **Annex-H**. Moreover, 186 khurlies and 82 charpaies confiscated under Police operation was credited to company account but no recovery on account of rent of khurlies and charpaies was credited to company account.

Audit is of the view that due to financial mismanagement, revenue sources were not optimally utilized to earn income.

Non optimum utilization of resources resulted in less realization of company revenues for Rs 1.430 million.

The matter was reported to Managing Director during May, 2017. MD replied that recovery was realized and resources were utilized optimally. The reply was not tenable as no record in support of reply was produced for verification.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery from concerned besides fixing responsibility on the person(s) at fault under intimation to Audit.

[AIR Para No. 29]

1.2.3.4 Unauthorized payment of pay and allowances to terminated officer – Rs 1.290 million

According to Clause 25A of Articles of Associations, the Managing Director shall be responsible for day to day management of the company and without prejudice to the generality of the foregoing, he shall be responsible to appoint and at his discretion to remove or suspend manager, officers, clerks and employees, either permanent or temporary, as he may think fit and to determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount as he thinks fit. According to decision of Agenda item No. 6 of 14th BoD meeting dated 20.08.2016, MD informed the Board that contractor of Tori / Prali was left recovery on 21st May 2016 due to start of self recovery by the order of GM & CFO and strangely the weekly recovery was declined. MD considering the inaptness of both the officers initially sideline the both and thereafter decided not to extend their contract ending on 4th and 7th July 2016 respectively and finally fired both officers for causing financial loss to MCMC. Resultantly it was decided that if Articles of Association proved the discretion of MD to fire any employee then his decision will prevail.

MD terminated the General Manager Operations but the officer continued working despite the fact that MD's decision was duly vetted by Board. An amount of Rs 1.290 million was paid on account of salary till April, 2017 as the officer was still working on the strength of the company irregularly.

Audit is of the view that due to weak financial controls, unauthorized payment of pay and allowances to terminated officer was paid.

Improper execution of duties by the managers resulted in defective running of operations of the company.

The matter was reported to Managing Director during May, 2017. MD replied that company concluded the matter in 18th BoD meeting and salaries were paid to concern accordingly. Reply was not tenable as the terminated officer was paid from company funds irregularly.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends Inquiry in the matter besides fixing responsibility on the person(s) at fault.

[AIR Para No. 4]

1.2.3.5 Unauthorized / Illegal operation of cattle markets in Multan Division

According to Memorandum of Association of CMMC, one of the objectives of the Company was to define bye-laws, rules and procedures to ensure its implementation to establish, organize, manage, operate and regulate cattle markets.

General Manager Operations and Managing Director failed to combat the illegally operating cattle markets. Various cattle markets were frequently operating their business at small scale by the encroachers (Qabza Mafia) without realization of possible revenues to company and without provision of organized necessary basic facilities to the buyers and sellers. Audit observed that at

Mianchannu entry fee was being charged @ Rs 50 for small animal and Rs 100 for large animals by “Qabza Mafia”. Following were the illegal cattle markets running their business in Multan Division by encroachers / Beoparies / Qabza Mafia groups:

Sr. No.	Place of Cattle Market	Scheduled Day/ Dates	Organized and Controlled by	Type of Cattles / Animals
1	Mian Channu at place of DPS Near Katchery Mian Channu	On 1 st and 14 th of every month	Mr. Murtaza Resident of 22/14L	Small and Larg Animals Ruminents i.e. (jaggali karny waly janwar) Water Buffloe Calf, Heifer, Bull etc.
2	Machiwal	Friday	Unknown/ Private Persons	-do-
3	Vehari	Every Tuesday & Friday	Unknown/ Private Persons	Small Ruminents
4	Geelaywal Mousza Sagwaan	One day in a week	Unknown/ Private Persons	Small and Larg Animals Ruminents i.e. (jaggali karny waly janwar) Water Buffloe Calf, Heifer, Bull etc.
5	Permit Bypass Abdullah Pur	One day in a week	Unknown/ Private Persons	-do-
6	Adam Wahin	One day in a week	Unknown/ Private Persons	-do-
7	Abdul Hakim	One day in a week	Unknown/ Private Persons	Small Animal ie. Bakar Mandi
8	Vehari	Every Tuesday & Friday	Unknown/ Private Persons	Small Ruminents
9	Kabirwala	One day in a week	Unknown/ Private Persons	-do-
10	Tibba Sultan Pur	Every Tuesday	Unknown/ Private Persons	-do-
11	Bakkar Mandi at Samurana	Every Tuesday & Wednesday	Unknown/ Private Persons	-do-

Audit is of the view that due to weak internal controls, unauthorized / illegal cattle markets at small level were operating without realization of revenues and provision of basic facilities to buyers and sellers.

Unauthorized / illegal operating of cattle markets at small level by encroachers (mafia) resulted in loss to the Government funds.

The matter was reported to Managing Director during May, 2017. MD replied that this matter had been taken up by the management in 18th BoD meeting and Board directed Deputy Commissioners to submit reports on illegal Cattle Markets. The reply was not tenable as no action was taken against the illegally operated cattle markets.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends termination of such markets operated by encroachers (mafia) besides fixing responsibility on the person(s) at fault.

[AIR Para No. 25]

1.2.4 Internal Control Weaknesses

1.2.4.1 Mal-administration in operations of cattle market Pull Bulail Multan

According to Government of the Punjab, LG & CD Department's Notification No. AO (Dev) (LG)2-252/2014(P-IV) dated 10.07.2014 it is the responsibility of General Manager Operations (GMO) to manage multiple services across the organization and provide strategic direction and leadership to various departments of the company. Moreover, to plan, direct, or coordinate the operations of the company, formulating policies, managing daily operations, and planning the use of materials and human resource.

General Manager Operations did not exercise due care for cattle market operations due to which following issues were noticed by Audit.

- i. On 24.05.16 a fire incident took place in which 15 canopies and 43 Mangers (Khurlies) were burnt and iron cots were also affected. Loss to company was never assessed nor any effort was made to make good this loss by GMO. No FIR was lodged. A committee constituted under decision of 14th BoD meeting presented a probe report that MD and GMO were responsible for fire incident but no action was taken against responsible.
- ii. Site inspection of cattle market Pull Bulail Multan revealed that there were permanent encroachers who had occupied the company provided canopies and were charging per animal stay charges from the traders (buyer/sellers).
- iii. MD and GMO failed to combat the illegal Bhana Jat, fodder points and built points of brokers outside cattle market Bulail due to which the business of the contractors (authorized tax collection agents) and the hotel / canteen proprietors was affected badly.
- iv. Mostly recovery attendants were drawing salaries but were not performing duties at cattle markets.

- v. Overcharging by the contractors was being made but no action was taken by the GMO/MD against the contractor.

Audit is of the view that due to weak internal controls, the company business was badly affected.

Operational mismanagement resulted in loss to the business activity of company.

The matter was reported to Managing Director during May, 2017. MD replied that GMO had been directed to improve his service delivery. Recruitment was made on merit and cleanliness was being improved with the help of Solid Waste Management Company. Reply was not tenable as no actions taken against the responsible of mal-administration were shown to Audit.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends immediate remedial measures be taken besides fixing responsibility on the person(s) at fault.

[AIR Para No. 18]

1.2.4.2 Unauthorized collection of exit charges from buyer's / seller's vehicles by contractor – Rs 200.550 million

According to Rule 22 (1) (2) of the Punjab Local Government (Auctioning of Collection Rights) Rules, 2003, the contractor shall not be involved in overcharging either by himself or through any person. In case of violation action shall be taken against the contractor or his agent or any other person, involved in overcharging, under Chapter XVI of the Ordinance and his contract shall be cancelled and all deposits made by him shall be forfeited forthwith.

General Manger Operations failed to stop the mal-practices of contractors charging exit charges from every loaded vehicle at scheduled rates of “Tori / Prali” on exit point across the board from all vehicles. Contractors had collected

minimum Rs 200.550 million approximately during 2014-16. They were forcefully charging these rates from every exiting vehicle regardless of the fact that these vehicles had not obtained “Tori/Prali” from them. Audit visited the cattle market on 23.04.2017 along with General Manger Operations; the report of same was not signed by GMO intentionally. During inspection, Audit observed the following:

- i. Without supplying Tori/Prali/Sand every loaded vehicle was being charged “Bhatta” on exit points of cattle market Pull Bulail Multan.
- ii. The representatives of contractor were sitting on exit point of market whereas their Tori/Prali/Sand point was far away from this point.
- iii. Government had declared that there would be no entry and exit charges on vehicles except parking fee but contractor was overcharging exit charges irregularly but no action was taken against contractor by GM Operations. Necessary detail of Bhatta collected by contractor based on the vehicles count is given below:

(Rupees in million)

Particulars	No. of Vehicles visiting Cattle Market Pull Bulail Multan				
	4 wheeler	6 wheeler	10 Wheeler	22 Wheeler	Total
No. of Vehicles	1,018	225	110	75	1,428
Inadmissible exit charges were being collected from vehicles at exit point of market	1,000	2,000	2,500	3,500	
Total Amount	1.018	0.450	0.275	0.262	2.005
No. of Events per Year	50	50	50	50	50
No. of Years (2014-16)	2	2	2	2	2
Amount of Bhatta Collected by contractors on Exit point	101.800	45.000	27.500	26.250	200.550

Audit is of the view that due weak internal controls, contractors were overcharging on account of exit charges in collaboration of company management.

Non observance of Government instructions resulted in unauthorized collection of exit charges by the contractors..

The matter was reported to Managing Director during May, 2017. MD replied that Vehicle parking and parali tori services were auctioned and allowed the contractors for charging as per schedule. However for strict monitoring GMO

was directed to personally ensure that no overcharging would be made. The reply was not tenable as no actions taken were shown to Audit.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends Inquiry in the matter and recovery of all such monies collected by contractors besides fixing responsibility on the person(s) at fault.

[AIR Para No. 16]

1.2.4.3 Irregular auction of collection rights – Rs 12.315 million

According to Rule 31 (1) (2) regarding evaluation criteria a procuring agency shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated and such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Managing Director auctioned / outsourced irregularly the collection rights of revenues sources Rs 12.315 million during 2015-16 without formulating bids evaluation criteria and other term & conditions. Further, management failed to recover Rs 8.280 million from contractors. The entire auction process of outsourcing was open to following audit observations:

- i. 5% CDR was not attached along with the technical bid and auctioning committee accepted the bids irregularly.
- ii. A written statement was signed by all the participants that only the successful bidder would provide the cheque of bid security amount at the time of opening of financial bid. This revealed pool of tenders
- iii. Copy of advertisement of outsourcing and criteria of bid evaluation was not provided / shown to Audit. Total 09 bids were received out of which only 5 bidders were qualified for financial proposals and 4 bidders were disqualified without recording any reasons

- iv. In bid document, no separate point number 1&2 of tori/prali/sand in Bulail cattle market Multan were mentioned. Later on among the submitted bid sheets certain were treated as No. 1 and certain as No. 2 point bids manually / by cuttings/overwriting due to which the bid of M/s Qureshi Trader was treated as below average regardless the fact that he had submitted a bid of Rs 5 million.

Audit is of the view that due to weak internal controls, the outsourcing of revenues was made without formulating bids evaluation criteria.

Outsourcing of collection rights without formulating bids evaluation criteria resulted in irregular auction of collection rights Rs 12.315 million.

The matter was reported to Managing Director during May, 2017. MD replied that company was initiating process for recovery of amount from defaulters. The reply was not tenable as no recovery was made.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends regularization and recovery of Rs 8.280 million from the defaulting contractors, besides fixing responsibility on the person(s) at fault.

[AIR Para No. 13]

1.2.4.4 Loss due to non-realization of revenue at Gaggo Cattle Market – Rs 10.176 million

According to Rule 16 (1) (a) of Local Government (Property) Rules, 2003 the immovable Property may be leased out in a manner that the immovable Property shall be given on lease through competitive bidding. The procedure prescribed in Sub Rule (2) of Rule 9, shall be followed, mutatus mutandis, in case of lease of the Property.

Managing Director and General Manager Operations allowed various persons to run their business in Gaggo Cattle Market without competitive bidding. Audit team visited the Cattle Market at Gaggo along with Assistant

Manager Operation and observed that numerous stalls / khokhas / hand carts were running. The persons were allowed to run their business without adopting open competitive bidding process. Company had sustained a loss of Rs 10.176 million due to negligence of the MD. **Annex-I**

Audit is of the view that due to weak internal controls, the properties were leased out without open competitive bidding process.

Irregular leasing of property resulted in irregular award / misuse of property and loss of Rs 10.176 million.

The matter was reported to Managing Director during May, 2017. MD replied that MCMC tried many times to auction the services of Gaggo Cattle market but no offer was received. The reply was not tenable as in case of no bid self-recovery was also not made by the company officials despite the fact that company had recruited sufficient number of recovery attendants.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends Inquiry in the matter besides fixing responsibility on the person(s) at fault.

[AIR Para No.23]

1.2.4.5 Doubtful payment of salaries to recovery attendants without performance of duties – Rs 7.795 million

According to Rule 2.31 of the PFR Vol-1, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any overcharges, frauds and misappropriation.

Managing Director CMMC Multan Division paid salaries of Rs 7.795 million to the field staff in excess of duties performed irregularly during 2015-16. Audit randomly asked the availability of recovery staff in office in off days of cattle markets but it was told that the employees did not perform duty except at Bulail market. Audit requested for attendance record of these employees and duty roster of the employees but the fabricated attendance record was produced. All the officials were FA / BA

qualified but only “P” was marked. When asked from these employees that why they were not performing duties in other markets on Monday to Friday. They replied that no orders were issued by GMO to work in other days hence they were not performing duties except at Bulail market. The detail of pay drawn is at **Annex-J**

Audit is of the view that due to weak financial management the salaries of employees were paid without performance of duties.

Payment of salaries without performance of duties resulted in unjustified payment of Rs 7.795 million.

The matter was reported to Managing Director during May, 2017. MD replied that directions had been issued to the GMO to change the system of attendance to signatures by concerned and ensure attendance of staff. The reply was not tenable as no recovery of overpayment of salaries without performing of duties was shown to Audit. No record in support of reply was produced to Audit.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends strict disciplinary action against the appointing authorities as well as payment authorities for unjustified payment without performance of duties besides fixing responsibility on the person(s) at fault.

[AIR Para No. 47]

1.2.4.6 Loss of company assets – Rs 2.864 million

According to Rule 4(2) the Punjab Local Governments (Property) Rules, 2003 the Manager shall be responsible to the Local Government for any loss, destruction or deterioration of the Property, if such a loss, destruction or deterioration occurs as a result of his default or negligence in discharge of his responsibility.

General Manager Operations did not exercise due care of the cattle market assets which resulted in loss / missing of assets costing Rs 2.864 million. Neither any FIR was lodged nor was any action taken against the officials (custodians) of

the market assets. On 06.05.2017, Audit conducted stock taking of cattle market assets and facts observed in inspection report were not signed by GMO. **Annex-K.**

Audit is of the view that due to weak internal controls, the assets of cattle market were found missing.

Non availability of assets resulted in loss of Rs 2.864 million.

The matter was reported to Managing Director during May, 2017. MD replied that due to the incident of fire some canopies and mangers were burnt. The reply was not tenable as Audit had not pointed out recovery of burnt assets as missing assets. Even after deducting burnt items, there were missing articles for which no responsibility was fixed and no recovery was made from responsible(s).

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends Inquiry in the matter, recovery of loss sustained to company besides fixing responsibility on the person(s) at fault.

[AIR Para No. 49]

1.2.4.7 Misconduct and financial indiscipline by Chief Financial Officer – Rs 2.504 million

According to Rule 4(2) of the Punjab Local Governments (Property) Rules, 2003 the Manager shall be responsible to the Local Government for any loss, destruction or deterioration of the Property, if such a loss, destruction or deterioration occurs as a result of his default or negligence in discharge of his responsibility. According to Government of the Punjab, LG&CD Department Notification No. AO(DEV.)(LG)2-252/97(P.V) dated 10th July 2014, the core responsibilities / job description of CFO is to ensure effective financial management of the company.

CFO of CMMC Multan Division failed to perform his duties efficiently and diligently as revealed from the findings of Inquiry report. Audit observed that:

- i. Inquiry report of LG&CD Department dated 07.09.2016 declared CFO as responsible for serious misconduct and inefficiency resulting in financial loss to the company. CFO kept four cheques of contractor with him irregularly besides started self-collection of recovery. He sent these cheques on his own to bank. Out of these four cheques, one cheque of Rs 0.469 million was bounced in November 2016 but CFO did not inform this incident to seniors and did not take any action against the contractor.
- ii. Vide Para (vi,vii) of inquiry committee's report, CFO did not recover the amount of salaries of employees of Rs 0.804 million from the contractor causing loss to company fund.
- iii. On receiving of installment from contractor, CFO did not collect Rs 1.231 million on account of Government taxes from the contractors.

Audit is of the view that due defective financial management, recovery of company dues as well as government taxes was not made.

Non recovery of company dues resulted in loss of Rs 2.504 million.

The matter was reported to Managing Director during May, 2017. MD replied that MCMMC was initiating process for recoverable amount in lieu of income tax from contractors. The reply was not tenable as no recovery was made nor any action taken against Ex-CFO.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery of Rs 2.504 million besides fixing responsibility on the person(s) at fault, loss under intimation to Audit.

[AIR Para No. 7]

1.2.4.8 Loss due non investment of surplus funds – Rs 2.320 million

According to Clause 31 (i)(ii)(iii) of the Articles of Association of the company “the Company may in furtherance of its objects invest funds of the company, borrow and raise resources for the company draw, accept, make, endorse, discount and deposit Government and other promissory notes, bill of exchange, cheques or other negotiable instrument. Moreover, according to Clause IV(9) and (12) of Memorandum of Association of the Company, it is a function of the company, to monitor, evaluate and ensure that such funds are used properly, efficiently and transparently. To create, establish, augment and support mechanism to ensure that the systems are transparent thereby reducing discretion and ensuring optimum utilization of the Company.

Chief Financial Officer failed to invest the surplus funds of the company to fetch maximum revenues from fiscal market by purchasing Term Deposit Certificates (TDCs) etc. during 2014-16. Audit compared the financial management of CMMC Sahiwal Division with the financial management of CMMC Multan Division and revealed that CMMC of Sahiwal Division invested the surplus funds and earned sufficient profit @ 5.8% per annum from the bank by purchasing TDCs whereas CMMC Multan Division did not invest any amount despite having surplus funds of Rs 40.000 million and could not fetch maximum revenue of Rs 2.320 million from surplus funds. The detail is as under:

(Rupees in million)

Year	Opening Balance	Debits	Credits	Closing Balance
2014-15	0.075	77.383	156.613	79.308
2015-16	79.308	31.583	15.392	63.115
Total Surplus Funds				142.423
50% of surplus funds				71.212
Minimum funds that can be invested				40.000
At least bank profit that can be earned as in case of BOP offer in CMMC Sahiwal Division				5.80%
Total Income on a/c of Bank Profit per annum (Approx)				2.320

Audit is of the view that due to weak financial management, the surplus funds were not invested to earn profit.

Non realization of maximum profit for available sources resulted in non-utilization of resources besides loss to company.

The matter was reported to Managing Director during May, 2017. MD replied that CFO was unable to invest the funds because MCMMC was on initial stage and due to shortage of funds. The reply was not tenable as sufficient funds were available but were not invested properly.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends investment of surplus funds besides fixing responsibility on the person(s) at fault.

[AIR Para No. 44]

1.2.4.9 Loss of revenue in self-recovery by mal-practices of employees – Rs 2 million

According to Section 126 of the PLGO, 2001 in case of any loss to Local Government, the responsibility shall be fixed by the concerned Local Government and the amount of the loss shall be recovered from the defaulting person.

General Manager Operations and Chief Financial Officer of MCMMC did not ensure immediate credit of self recovery to company fund during 2015-16. As reported in record of self-recovery of dated 13-14 February, 2016 and 20-21 February, 2016, same nature service vendors were not being charged on equitable basis. Similarly on 10.04.2016, Rs 800 was charged from a local career while in other cases lesser rates were found charged by recovery attendants. Regarding 'Hotels' in certain cases only Rs 800 was charged instead of charging Rs 1500. Such frequent anomalies caused loss of Rs 2 million approximately. Following facts were also observed by Audit:

- i. MD MCMMC asked the GMO/CFO vide Para 16/N to explain the possible reasons of downfall in recovery in March 2016 from Rs 0.047 million to Rs 0.013 million.

- ii. General Manager Operations (GMO) vide Para 18-21/N stated that there were some field staff members who were involved in corruption. Moreover he reiterated the fact that recovery attendants were hired through references. His file was tempered and later on tempered file having the approval of commissioner and chairman was stolen from office. These incidents spoiled the environment and defame the report of the MCMMC.
- iii. MD also recorded the facts that few officials admitted that they had stolen the recovery on the direction of AMO, GMO and others and shared the amount with AMO and two other recovery attendants. Whereas their written statements obtained by MD were also stolen from the office.

Audit is of the view that due to weak internal controls, income realization was declined.

Decline in income due to corrupt practices resulted in loss of Rs 2 million.

The matter was reported to Managing Director during May, 2017. MD replied that Ex-MD observed that decline of self-recovery however it could not be inferred as embezzlement. The reply was not tenable as management did not take action against responsible.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends inquiry of the matter besides fixing responsibility on the person(s) at fault.

[AIR Para No. 6]

1.2.4.10 Less auction of fodder points to favor the contractor – Rs 1.080 million

According to the clauses of Articles of Associations of CMMC it is the prime function of a Managing Director to utilize the sources of cattle markets

optimally, efficiently and transparently so that maximum revenue can be credited to company fund for running of company business in an efficient way.

MD of CMMC Multan Division did not auction all five (5) points of fodder shops with toka during the period 2016-17. Audit team visited the market on 06.05.2017 and observed that there were 5 different points of fodder shops with toka but only two points were auctioned in company record for 2016-17. The company sustained a loss of Rs 1.080 million during 2015-17 by non auction of remaining three points of fodder shops with toka.

Audit is of the view that due to weak internal controls, all fodder shops were not auctioned.

Non auction of three fodder shops resulted in loss of Rs 1.080 million.

The matter was reported to Managing Director during May, 2017. MD replied that the auction of fodder points were advertised in 2015-16 twice but no bid was offered from any bidder for rest of points. The reply was not tenable as no evidence was produced regarding auction of other points.

DAC meeting was not convened despite efforts made by the Audit till finalization of this Report.

Audit recommends recovery of all the points from the encroacher / contractor of fodder shops besides fixing responsibility on the person(s) at fault.

[AIR Para No. 51]

Annex

Annex-A

Part-I

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

(Rupees in million)

Name of Formation	Sr. No.	Para. No.	Subject of Para	Amount
Cattle Market Management Company Multan Division	1	8	Non-transfer of ownership of land of Cattle markets in the name of MCMMC	-
	2	19	Non preparation of standard operating procedures	-
	3	20	Non appointment of internal auditor	-
	4	26	Non-establishment of Model Cattle Markets	-
	5	30	Non-maintenance of record of sale and purchase of animals in cattle markets	-
	6	31	Late appointment of external auditors and non-submission of audited accounts before Directors in Annual General Meeting	-
	7	38	Mis-procurement of services of external auditors	-
	8	46	Non-maintenance of Performance Evaluation Reports of Members, including Chairman and Managing Director	-
	9	53	Unrealistic variance trend analysis of issuance of Mangers and realization of revenues	-
	10	39	Irregular withdrawal of POL besides defective maintenance of log book inquiry thereof	0.520
	11	28	Loss to company due to charging fewer rates than approved rated while recovery by self-collection	0.379
	12	37	Over-payment made to supplier than the supply of canopies	0.339
	13	36	Irregular payment of additional charge allowance to Managing Director	0.106
	14	40	Irregular expenditure on account of travelling and daily allowance	0.078
	15	48	Un-authorized withdrawal of funds for refreshment charges inquiry thereof	0.078
	16	33	Loss to company due to non-recovery of litigation charges from contractor	0.050
	17	42	Irregular expenditure on printing & stationery and non-maintenance of consumption record	0.045

Annex-B**Summary of Appropriation Accounts by Grants for the Financial Year 2015-16****(Rupees in Million)**

2014-16	Budget	Actual	Excess (+) / Saving (-)	% (Saving)
Salary	11.500	8.999	-2.501	-22%
Non-salary	145.750	99.966	-45.784	-31%
Sub Total	157.250	108.965	-48.285	-31%
Revenue	197.206	172.005	-25.201	-13%

Annex-C

[Para No. 1.2.2.5]

Loss due non outsourcing of revenue sources in cattle markets– Rs 39.756 million**Table -I**
(Rupees in million)

Non-realization of revenue due to non-auction of revenue source / non-realization of revenue in cattle markets by MCMC Multan Division					
Cattle Market	Fodder Shops not auctioned	Hotel /Canteen /Khokha / Tea Stall	Ornamental Shops and General Store for Animals	Promotional Stalls / Work shops /Bulty points	Hand Carts
Multan (two days in a week)	4 (only 2/6 points were auctioned)	6	3	3	25
Rate of revenue to be realized	8,000	1,500	1,500	5,000	300
No of Events during the period 01.07.14 to 30.06.16	208	208	208	208	208
Amount of expected loss due to non-realization of income	6.656	1.872	0.936	3.120	1.560
Ludden (one day in a week)	2	2	2	1	25
Monthly Rate of income (Avg)	8,000	1,500	1,500	5,000	300
No of Events during the period 01.07.14 to 30.06.16	104	104	104	104	104
Amount of expected loss due to non-realization of income	1.664	0.312	0.312	0.520	0.780
Gaggo (one day in a week)	1	1	1	1	25
Monthly Rate of income (Avg)	8,000	1,500	1,500	5,000	300
Period of income not realized 01.07.14 to 30.06.16	104	104	104	104	104
Amount of expected loss due to non-realization of income	0.832	0.156	0.156	0.520	0.780
Lodhran (one day in a week)	2	2	2	1	25
Monthly Rate of income (Avg)	8,000	1,500	1,500	5,000	300
No of Events during the period 01.07.14 to 30.06.16	104	104	104	104	104
Amount of expected loss due to non-realization of income	1.664	0.312	0.312	0.520	0.780
Khanewal + Abdul Hakim (two day in a week)	2	2	2	1	25
Monthly Rate of income (Avg)	8,000	1,500	1,500	5,000	300
No of Events during the period 01.07.14 to 30.06.16	208	208	208	208	208
Amount of expected loss due to non-realization of income	3.328	0.624	0.624	1.040	1.560
Dunyapur (one day in a week)	2	2	2	1	25
Monthly Rate of income (Avg)	8,000	1,500	1,500	5,000	300
No of Events during the period 01.07.14 to 30.06.16	104	104	104	104	104
Amount of expected loss due to non-realization of income	1.664	0.312	0.312	0.520	0.780
Mailsi (one day in a week)	2	2	2	1	25

Monthly Rate of income (Avg)	8,000	1,500	1,500	5,000	300
No of Events during the period 01.07.14 to 30.06.16	104	104	104	104	104
Amount of expected loss due to non-realization of income	1.664	0.312	0.312	0.520	0.780
Sub-total	17.472	3.900	2.964	6.760	7.020
Grand Total					38.116

Table -II
(Rupees in million)

Sr. No.	Revenue Source	Type of Markets	No. of Trolleys of waste	No. of events in a year	Rate per Trolley (Rs)	No. of Year 2014-16	Amount of Loss
1	Sale of solid waste	Cattle Market Bulail Multan	3	52	2,500	2	0.780
2	Sale of solid waste	Cattle Market Ludden	2	52	2,500	2	0.520
3	Sale of solid waste	Cattle Market Gaggo	1	12	2,500	2	0.060
4	Sale of solid waste	Cattle Market Lodhran	1	52	2,500	2	0.260
5	Sale of solid waste	Cattle Market Khanewal	0.5	104	2,500	2	0.260
6	Sale of solid waste	Cattle Market Mailsi	0.5	52	2,500	2	0.130
7	Sale of solid waste	Cattle Market Vehari	0.5	52	2,500	2	0.130
8	Sale of solid waste	Cattle Market Samurana	0.5	104	2,500	2	0.260
9	Sale of solid waste	Cattle Market Dunyapur	0.5	52	2,500	2	0.130
10	Sale of solid waste	Cattle Market Mian Channu	2	52	2,500	2	0.520
Sub-total							1.120
Sr. No.	Revenue Source	Type of Markets	No. of Animals	4 Days overstay / week and no. of weeks	Overstay charges per Animal	No. of Year 2014-16	Loss to company
1	Over-stay charges	Cattle Market bulail Multan	50	52	100	2	0.520
Sub-total							0.520
Grand Total							1.640

Annex-D

[Para No. 1.2.2.7]

Loss due to non-payment of advance income tax – Rs 12.731 million

(Rupees in million)

Name of contractor / Successful Bidder	Period	Acceptance No. and date	Name of source	Period	Amount of agreement	Amount of Advance Income Tax not Deposited
M/S Sadiq Qureshi	2015-16	MCMC/MN/15 01 dated 29.09.15	Services of Perali / Tori/Sand Point No.02 Cattle Market, Bulail Multan district	13.10.15 to 30.06.16	5.400	0.540
	2015-16	MCMC/MN/15 80 dated 20.10.15	Services of Khokha / Temporary stalls Unit No.01 Cattle Market, Bulail Multan district	13.10.15 to 30.06.16	0.650	0.065
	2015-16	MCMC/MN/15 79 dated 20.10.15	Services of Perali / Tori/Sand Point No.02 Cattle Market, Ludden	13.10.15 to 30.06.16	0.505	0.051
M/S Qasim Shahbaz	2015-16	MCMC/MN/15 78 dated 20.10.15	Services of Perali / Tori/Sand Gagoo Cattle Market, Multan Division	13.10.15 to 30.06.16	0.552	0.055
	2015-16	MCMC/MN/15 02 dated 29.09.15	Services of Perali / Tori/Sand Point No.01 Cattle Market, Bulail Multan	13.10.15 to 30.06.16	5.208	0.521
The B&B Contractor Company	2014-15	DLG/MN/CMMC /76 DATED 12.07.14	Service provision in cattle Market Multan	15.07.14 to 30.06.15	45.000	4.500
Mr. Amjad Khan	2014-15	Not Provided	Service provision in cattle market at Kabirwala	15.07.14 to 30.06.15	10.000	1.000
Mr. Nimat Ullah Khan	2014-15	Not Provided	Service provision in cattle market at Lodhran	15.07.14 to 30.06.15	25.500	2.550
Mr. Abdul Qayyum Khan	2014-15	Not Provided	Service provision in cattle market at Dunyapur	15.07.14 to 30.06.15	4.000	0.400
Abdul Ghaffar s/o Mohammad Din	2014-15	Not Provided	Service provision in cattle market at Burewala	15.07.14 to 30.06.15	4.000	0.400
Abdul Ghaffar s/o Mohammad Din	2014-15	Not Provided	Service provision in cattle market at Vehari	15.07.14 to 30.06.15	5.500	0.550
Mr. M. Amjad Khan s/o Allah Nawaz	2014-15	Not Provided	Service provision in cattle market at Khanewal	15.07.14 to 30.06.15	15.000	1.500
Muhammad Kashif Khan	2014-15	Not Provided	Service provision in cattle market at Mailsi	15.07.14 to 30.06.15	6.000	0.600
Total					127.315	12.731

Annex-E

[Para No. 1.2.2.9]

Overpayment due to exorbitant rates paid to supplier – Rs 8.529 million

Part – A

(Rupees in million)

Trench	Due Date	GRN No. & Date	Bill No. & Date	SO No. & Date	Contractor	Item	Qty	Rate	exit tax amount	GST	incl. tax Amount	Lat e in Days	WHT Deduct ed	LD Charge d
total 1st trench	28.09.15 (25%)	01 28.09.15	11 28.09.15	Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	25	0.139	3.482	0.592	4.073	0	0.183	-
total 2nd trench	07.10.15 II (40%)	05 30.11.15		Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	6	0.139	0.836	0.142	0.978	54	0.044	0.035
		08 24.12.15	40 09.01.16	Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	24	0.139	3.342	0.568	3.910	78	0.176	0.204
		10 08.01.16		Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	10	0.139	1.393	0.237	1.629	93	0.073	0.102
		Sub-total						40	-	5.570	0.947	6.517		0.293
total 3rd trench	11.10.15 III (35%)	NIL 14.04.16		Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	35	0.139	4.874	0.829	5.703	186	0.257	0.711
Grant Total							100	0.279	13.926	2.367	16.293		0.733	1.052
1 st Trench	28.09.	02 28.09.15	NIL 28.09.15	Nil Nil 16.09.15 (received by bidder)	Waqas Const. company	Iron Cot	325	0.004	1.430	0.243	1.673	0	0.075	-
2nd & 3rd Trench	07.10.15 II (35%) 11.10.15 III(35%)	07 12.12.15	221 09.01.16	Nil Nil 16.09.15 (received by bidder)	Waqas Const. company	Iron Cot	175	0.004	0.770	0.131	0.901	66	0.041	0.040
Total								-	2.200	0.374	2.574		0.116	0.040
1st	28.09.	03	NIL	Nil	Siddique	Khurli	20	0.00	1.040	0.17	1.217	0	0.055	-

Trench	Due Date	GRN No. & Date	Bill No. & Date	SO No. & Date	Contractor	Item	Qty	Rate	excl tax amount	GST	incl. tax Amount	Late in Days	WHT Deducted	LD Charged
Trench	15 (30%)	28.09.15	28.09.15	Nil 16.09.15 (received by bidder)	& Co.	es (Manger)	0	5		7				
2nd Trench	07.10.15 II (35%)	06 30.11.15		Nil Nil 16.09.15 (received by bidder)	Siddique & Co.	Khurlies (Manger)	208	0.005	1.082	0.184	1.265	54	0.057	0.046
	07.10.15 II (35%)	09 31.12.15		Nil Nil 16.09.15 (received by bidder)	Siddique & Co.	Khurlies (Manger)	33	0.005	0.172	0.029	0.201	85	0.009	0.011
3rd Trench	11.10.15 III (35%)	11 12.01.16		Nil Nil 16.09.15 (received by bidder)	Siddique & Co.	Khurlies (Manger)	59	0.005	0.307	0.052	0.359	96	0.016	0.023
Total							500		2.600	0.442	3.042		0.137	0.080

Part – B

(Rupees in million)

Trench	Due Date	GRN No. & Date	Bill No. & Date	SO No. & Date	Contractor	Item	Qty	Rate	excl tax amount	Income Tax	GST	incl. tax Amount	Late in Days	WHT Deducted	Security Deducted @ 10%	LD Charged
total 1st trench	28.09.15 (25%)	01 28.09.15	11 28.09.15	Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	25	0.139	3.482	0.157	0.592	4.230	0	0.157	-	-
total 2nd trench	07.10.15 II (40%)	05 30.11.15		Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	6	0.139	0.835	0.038	0.142	1.015	54	0.038	-	-
		08 24.12.15	40 09.01.16	Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	24	0.139	3.341	0.150	0.568	4.059	78	0.150	-	-
		10 08.01.16		Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	10	0.139	1.392	0.063	0.237	1.691	93	0.063	-	-
								40	-	5.568	0.251	0.947	6.765	225	0.251	1.100
total 3rd trench	11.10.15 III (35%)	NIL 14.04.16		Nil Nil 16.09.15 (received by bidder)	Mirza Muhammad Imran	Canopy	35	0.139	4.874	0.219	0.829	5.922	186	0.219	0.592	0.097
Grant Total							100	0.279	13.924	0.627	2.367	16.917		0.627	1.692	0.209
Ist Trench	28.09.15 I (30%)	02 28.09.15	NIL 28.09.15	Nil Nil 16.09.15 (received)	Waqas Const. company	Iron Cot	325	0.004	1.430	0.064	0.243	1.737	NIL	0.064	-	-

Trench	Due Date	GRN No. & Date	Bill No. & Date	SO No. & Date	Contractor	Item	Qty	Rate	excl tax amount	Income Tax	GST	incl. tax Amount	Late in Days	WHT Deducted	Security Deducted @ 10%	LD Charged
				by bidder)												
2nd & 3rd Trench	07.10.15 II (35%) 11.10.15 III(35%)	07 12.12.15	221 09.01.16	Nil Nil 16.09.15 (received by bidder)	Waqas Const. company	Iron Cot	175	0.004	0.770	0.035	0.131	0.936	66	0.035	0.267	0.008
Total							500	-	2.200	0.099	0.374	2.673		0.099	0.267	0.008
Ist Trench	28.09.15 (30%)	03 28.09.15	NIL 28.09.15	Nil Nil 16.09.15 (received by bidder)	Siddique & Co.	Khurlies (Manger)	200	0.005	1.040	0.047	0.177	1.264	0	0.047	-	-
2nd Trench	07.10.15 II (35%)	06 30.11.15		Nil Nil 16.09.15 (received by bidder)	Siddique & Co.	Khurlies (Manger)	208	0.005	1.082	0.049	0.184	1.314	54	0.049	-	0.011
	07.10.15 II (35%)	09 31.12.15		Nil Nil 16.09.15 (received by bidder)	Siddique & Co.	Khurlies (Manger)	33	0.005	0.172	0.008	0.029	0.208	85	0.008	-	0.002
3rd Trench	11.10.15 III (35%)	11 12.01.16		Nil Nil 16.09.15 (received by bidder)	Siddique & Co.	Khurlies (Manger)	59	0.005	0.307	0.014	0.052	0.373	96	0.014	0.316	0.003
Total							500	-	2.600	0.117	0.442	3.159		0.117	0.316	0.016

Annex-F
[Para No. 1.2.2.10]

Irregular recruitment of staff – Rs 7.795 million

(Rupees in million)

Sr. No.	Name of officer/Official	Designation	Salary expenditure incurred up to June 2016	Paid Till April 2017	Payable till April 2017	Total Salary Expenditure incurred upto April 2017
1	Abdul Baqi	Manager Admin	0.338	0.411	-	0.749
2	Husnain Farooq	Assistant Manager Operation	0.111	-	-	0.111
3	Khurram Shahzad	Assistant Manager Operation	0.250	0.292	-	0.542
4	Asghar Rehman	Assistant Manager Operation	0.247	-	-	0.247
5	Usman Baig	Executive Secretary	0.250	0.139	-	0.389
6	Shahriyar Khalid	Computer Operator	0.216	0.120	-	0.336
7	Muhammad Asghar	Computer Operator	0.202	0.120	-	0.322
8	Syed Muhammad Raza	Recovery Attendants	0.139	0.181	-	0.319
9	Saeed Akhtar	Recovery Attendants	0.139	0.176	-	0.314
10	Qaswar Abbas	Recovery Attendants	0.139	0.181	-	0.319
11	Muhammad Usman	Recovery Attendants	0.139	-	0.179	0.317
12	Muhammad Iftikhar	Recovery Attendants	0.139	0.179	-	0.317
13	Subtain Farooq	Recovery Attendants	0.139	0.154	-	0.292
14	Mirza Muhammad Adeel Baig	Recovery Attendants	0.139	0.106	0.075	0.319
15	Mirza Rizwan Iqbal	Recovery Attendants	0.139	0.181	-	0.319
16	Irfan Ali	Recovery Attendants	0.139	0.181	-	0.319
17	Muhammad Saleem	Recovery Attendants	0.139	0.181	-	0.319
18	M Azeem	Recovery Attendants	0.139	0.181	-	0.319
19	Qaisar Abbas	Recovery Attendants	0.139	0.181	-	0.319
20	Jaffir Abbas	Vatinery Assistant	0.135	0.181	-	0.316
21	Muhammad Asif Raza	driver	0.126	0.054	-	0.180
22	Muhammad Imran	Naib Qasid	0.126	0.093	0.083	0.301

Sr. No.	Name of officer/Official	Designation	Salary expenditure incurred up to June 2016	Paid Till April 2017	Payable till April 2017	Total Salary Expenditure incurred upto April 2017
	Bhatti					
23	Muhammad Asif	Naib Qasid	0.126	0.093	-	0.219
24	Gulfam	Sweeper	0.124	0.089	0.078	0.291
Total			3.914	3.467	0.414	7.795

Annex-G**[Para No. 1.2.2.14]****Overpayment of salaries to Managing Director – Rs 1.191 million****A. Particulars of Pay in Parent Department and terms and conditions conveyed to S&GAD**

Particulars of LPC	Amount
Pay as per LPC of Mr. Ahmed Jan Malik Deputy Secretary BS-19 Cabinet Division	102,010
Basic Pay as per LPC	52,605
20% of Basic pay	10,521
Admissible monthly pay to be paid to him being deputation officer	112,531
Authority of Deputation based posting: No. 1/33/2010-E-2 Dated 09.07.2015 of Cabinet Secretariat Establishment Division that officer was transferred from this to MCMC under LG & CD Department on deputation basis	
Authority of commitment of pay to S&GAD Department: Vide letter No. CMMC/MN/3063 dated 19.10.16 addressed to section officer of S&GAD Dep. and accounts officer of LG&CD Dep. the terms and conditions shows admissibility of regular pay and allowance of concerned BS-16 plus 20% of basic pay as deputation allowance subject to maximum of Rs. 12000 only.	

B. Summary of pay excess paid to MD

(Rupees in million)

Salary details of Mr. Ahmad Jan Malik (Managing Director) a Government Employee of BS - 19			
Month	Salary Drawn	Salary to be paid as per commitment made to S&GAD by Company	Excess payment
Jul-15	0.114	0.076	0.037
Aug-15	0.168	0.113	0.055
Sep-15	0.144	0.113	0.032
Oct-15	0.144	0.113	0.032
Nov-15	0.144	0.113	0.032
Dec-15	0.164	0.113	0.052
Jan-16	0.164	0.113	0.052
Feb-16	0.166	0.113	0.053
Mar-16	0.165	0.113	0.052
Apr-16	0.080	0.080	-
Apr-16	0.165	0.113	0.052

May-16	0.165	0.113	0.052
Jun-16	0.165	0.113	0.052
Jul-16	0.165	0.113	0.052
Aug-16	0.165	0.113	0.052
Sep-16	0.468	0.113	0.355
Oct-16	0.167	0.113	0.054
Nov-16	0.167	0.113	0.054
Dec-16	0.183	0.113	0.070
Jan-17	0.018	0.011	-
Total	3.279	2.080	1.192

Annex-H

[Para No. 1.2.3.3]

Non-realization of revenue – Rs 1.430 million

(Rupees in million)

Recovery as reflected in receipt vouchers							Possible recovery from Mangers				Possible recovery from Iron Cots				Overall Income	
Vr #	Date	No Of Mangers	No Of Cots	Income from Mangers	Income from Cots	Total Income	No of available Mangers	2 Days Mkt	R a t e	Possible Revenue	No of available Iron Cots	2 Days Mkt	R a t e p e r d a y	Possible Revenue	Total income if asset optimally utilized	Income less realized due to Pilferage/ non-utilization of resources optimally
26	10.1 0.20 15	289	16 7	0.023	0.008	0.031	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	0.033
28	17.1 0.20 15	903	23 2	0.072	0.012	0.084	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	(0.019)
30	24.1 0.20 15	48	7	0.004	0.000	0.004	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	0.060
35	31.1 0.20 15	344	31 8	0.028	0.016	0.043	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	0.021
62	7.11. 2015	576	53 6	0.046	0.027	0.073	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	(0.008)
63	14.1 1.20 15	485	49 7	0.039	0.025	0.064	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	0.001
68	21.1 1.20 15	430	59 0	0.034	0.030	0.064	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	0.001
70	28.1 1.20 15	716	60 0	0.057	0.030	0.087	200	400	8 0	0.032	325	650	5 0	0.03 3	0.065	(0.023)
76	26.1 2.20 15	627	59 6	0.050	0.030	0.080	408	816	8 0	0.065	325	650	5 0	0.03 3	0.098	0.018
75	19.1 2.20 15	601	53 3	0.048	0.027	0.075	408	816	8 0	0.065	325	650	5 0	0.03 3	0.098	0.023
74	12.1 2.20 15	672	55 7	0.054	0.028	0.082	408	816	8 0	0.065	500	1,000	5 0	0.05 0	0.115	0.034
73	5.12. 2015	337	34 4	0.027	0.017	0.044	408	816	8 0	0.065	500	1,000	5 0	0.05 0	0.115	0.071
86	30.0 1.20 16	766	60 5	0.061	0.030	0.092	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.038
84	23.0 1.20 16	751	55 4	0.060	0.028	0.088	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.042
82	16.0 1.20 16	742	62 6	0.059	0.031	0.091	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.039
79	9.01. 2016	682	59 1	0.055	0.030	0.084	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.046
78	02.0 1.20 16	593	56 8	0.047	0.028	0.076	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.054
89	06.0 2.20 16	780	61 1	0.062	0.031	0.093	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.037
92	13.0 2.20 16	782	61 1	0.063	0.031	0.093	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.037
93	20.0 2.20 16	799	63 5	0.064	0.032	0.096	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.034
98	27.0 2.20 16	812	63 0	0.065	0.032	0.096	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.034
102	05.0 3.20 16	795	61 6	0.064	0.031	0.094	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.036
107	12.0 3.20 16	767	61 9	0.061	0.031	0.092	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.038

112	19.0 3.20 16	772	63 5	0.062	0.032	0.094	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.036
117	26.0 3.20 16	771	65 5	0.062	0.033	0.094	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.036
123	02.0 4.20 16	527	50 6	0.042	0.025	0.067	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.063
128	09.0 4.20 16	650	56 8	0.052	0.028	0.080	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.050
133	16.0 4.20 16	608	55 0	0.049	0.028	0.076	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.054
138	23.0 4.20 16	648	58 0	0.052	0.029	0.081	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.049
144	30.0 4.20 16	669	57 9	0.054	0.029	0.082	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.048
149	07.0 5.20 16	547	42 1	0.044	0.021	0.065	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.065
155	14.0 5.20 16	567	51 6	0.045	0.026	0.071	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.059
160	21.0 5.20 16	669	52 9	0.054	0.026	0.080	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.050
163	28.0 5.20 16	605	49 7	0.048	0.025	0.073	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.057
170	04.0 6.20 16	618	51 0	0.049	0.026	0.075	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.055
173	10.0 6.20 16	628	51 2	0.050	0.026	0.076	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.054
180	17.0 6.20 16	633	49 0	0.051	0.025	0.075	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.055
186	24.0 6.20 16	628	50 7	0.050	0.025	0.076	500	1,000	8 0	0.080	500	1,000	5 0	0.05 0	0.130	0.054
	Total	23 83 7	19, 69 8	1.90 7	0.98 5	2.89 2	16, 23 2	32,4 64		2.59 7	17,2 50	34,50 0		1.72 5	4.322	1.430

Annex-I**[Para No. 1.2.4.4]****Loss due to non-realization of revenue at Gaggo Cattle Market– Rs 10.176 million**

(Rupees in million)

Potential of Gaggo Mandi as observed by Audit Party in Inspection on 26.04.2017 along with Rana Khurram (Assistant Manager Operations)					
Sr. No.	Name	Description	Rate as approved by BOD	No. of Events in 7/14-4/17	Expected loss to Co.
1	Yasir Ahmed s/o Muhammad Nasir	Ganna Juice wala	300	34	0.010
2	Fiaz Ahmed s/o Ghulam Muhammad	Chawal Cholay	300	34	0.010
3	Malik Liaqat Ali s/o Muhammad Sharif	Tea Stall	300	34	0.010
4	Muhammad Aleem s/o Abdul Hameed	Ornamental stall	300	34	0.010
5	Sheroze s/o Abdul Waheed	Sharbat wala	300	34	0.010
6	Muhammad Anas s/o Muhammad Iqbal	Milk soda wala	300	34	0.010
7	Muhammad Sajjad s/o Allah Ditta	Anar Juice wala	300	34	0.010
8	Nazir Ahmed s/o Saeed Khan	Faloda wala	300	34	0.010
9	Muhammad Bota s/o Roshan Deen	Tarboze wala	300	34	0.010
10	Sajid s/o Bota	Ganna Juice wala	300	34	0.010
11	Ramzan s/o Jamal Din	Ganna Juice wala	300	34	0.010
12	Zahid Nazir s/o Khan Muhammad	GhotaBada m wala	300	34	0.010
13	Abdul Haq s/o Muhammad Munshi	Ganna Juice wala	300	34	0.010
14	Muhammad Iqbal s/o Muhammad Ashraf	Kulfi wala	300	34	0.010
15	Iqbal s/o Nazir	Golay wala	300	34	0.010
16	Abdul Munaf s/o Khan Muhammad	Ornamental	300	34	0.010
17	Muhammad Afzal s/o Muhammad Aslam	Pepsi Juice wala	300	34	0.010
18	Ali s/o Muhammad Rafiq	Ganna Juice wala	300	34	0.010
19	Tariq s/o Nasar Ahmed	Tarboze wala	300	34	0.010
20	Muhammad Imran s/o Sarwar	Kulfi wala	300	34	0.010

21	Ikhtlaq s/o Iqbal	Kulfi wala	300	34	0.010
22	Parking (Mazda/Shahzoor)	200 Nos	400	34	2.720
23	Parking (Loader Rikshaw)	100 Nos	50	34	0.170
24	Parking (Bikes)	200 Nos	10	34	0.068
25	Fodder Shops	2 Nos	1,500	34	0.102
26	Hotel	2 Nos	1,500	34	0.102
27	Toori Parali	200 Nos	1,000	34	6.800
Total					10.176

Annex-J

[Para No. 1.2.4.5]

Doubtful payment of salaries to recovery attendants without performance of duties– Rs 7.795 million

(Rupees in million)

MULTAN CATTLE MARKET MANAGEMENT COMPANY MULTAN DIVISION							
Employee related expenditure							
Sr. No.	Name of officer/Official	Designation	Salary expenditure incurred up to June 2016	Paid Till April 2017	Payable till April 2017	Total Salary Expenditure incurred upto April 2017	Audit Remarks
1	Syed Muhammad Raza	Recovery Attendants	0.139	0.181	-	0.319	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office.
2	Saeed Akhtar	Recovery Attendants	0.139	0.176	-	0.314	He only attends the ludden market once in a week and remains absent rest of the week but drawing full pay and allowances irregularly. There is no attendance record in office.
3	Qaswar Abbas	Recovery Attendants	0.139	0.181	-	0.319	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office.
4	Muhammad Usman	Recovery Attendants	0.139	-	0.179	0.317	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office.
5	Muhammad Iftikhar	Recovery Attendants	0.139	0.179	-	0.317	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office.
6	Subtain Farooq	Recovery Attendants	0.139	0.154	-	0.292	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office. He was also terminated.
7	Mirza Muhammad Adeel Baig	Recovery Attendants	0.139	0.106	0.075	0.319	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office. He was also terminated.

8	Mirza Rizwan Iqbal	Recovery Attendants	0.139	0.181	-	0.319	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office. He was also terminated.
9	Irfan Ali	Recovery Attendants	0.139	0.181	-	0.319	He only attends the ludden market once in a week and remains absent rest of the week but drawing full pay and allowances irregularly. There is no attendance record in office.
10	Muhammad Saleem	Recovery Attendants	0.139	0.181	-	0.319	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office.
11	M Azeem	Recovery Attendants	0.139	0.181	-	0.319	Attends only 2 days (market days) bulail market in a week and never performs duty rest of the days in other market / office work. There is no attendance record in office.
12	Qaisar Abbas	Recovery Attendants	0.139	0.181	-	0.319	He was posted in cattle market Khanewal which is not operational as per company record. Neither any income is being earned nor any service is being delivered. His orders were recorded just to oblige him. He did not perform the duty but get pay regularly under the cover of a BOD member without recording any attendance on record.
13	Muhammad Asif Raza	driver	0.126	0.054	-	0.180	He was recruited without availability of vehicle and now terminated.
14	Muhammad Asif	Naib Qasid	0.126	0.093	-	0.219	He never marks attendance nor performs duty but being paid due to political influence.
Total			3.914	3.467	0.414	7.795	

Annex-K

[Para No. 1.2.4.6]

Loss of company assets – Rs 2.864 million

(Rupees in million)

STOCK TAKING OF CATTLE MARKET SUPPLIES IN BOLAIL PUL MARKET MULTAN				
Sr #	Name Of Encroacher/ Permanent Occupier	No Of Conopies	No Of Mangers	No of Iron cots
1	Abbas	1	3	2
2	Abdul khaliq	1	3	3
3	Abdul Qayum	2	10	10
4	Abdul Rasheed	1	6	6
5	Abdul razaq	1	0	4
6	Afzal Karlo	1	11	4
7	Akhtar Abbas Khokhar	1	0	3
8	Akram	1	6	7
9	Akram Khokhar	1	9	4
10	Amam Bakhsh	1	10	1
11	Amjad Shah	1	13	8
12	Aqeel	1	8	9
13	Arif	1	7	7
14	Ashen	1	5	3
15	Ashiq	1	8	9
16	Azam Khokhar	1	4	4
17	Bakhsh	1	7	6
18	Basheer Ahmad Subhani	1	8	3
19	Contractor of Parking & Tori Prali	0	0	10
20	Dilawar	1	4	4
21	Dildar	1	7	8
22	Fayaaz	1	6	5
23	Fayaaz	2	12	16
24	Ghulam Hussain	1	6	10
25	Hassan Bakhsh	1	5	5
26	Imran	2	13	10
27	Iqbal	1	3	4
28	Ismaeel	2	0	9
29	Javed	1	18	10
30	Khadim	1	9	3
31	Khalil Khokhar	1	18	11
32	Khuda Bakhsh	1	7	4
33	Laal	1	10	8
34	Liaqat	1	10	12
35	Mahmood	2	17	14
36	Manzoor	2	10	10
37	Manzoor	1	3	8
38	Masood	1	10	12
39	Mehar Shakir	1	3	4
40	Mian Adnan	1	5	13
41	Mukhtar	1	2	2
42	Naveed	2	13	3
43	Nawab	1	11	6
44	Nazam Din	1	4	5
45	Qasim Khokhar	3	0	23
46	Qasim Khokhar	1	1	12
47	Rab Nawaz	1	15	11
48	Rana Aleem	1	10	13
49	Saeed	1	9	6
50	Sajad	1	5	7
51	Sajad Khokhar	1	3	4
52	Sajid	1	8	5
53	Sajid khokhar	1	7	6

54	Shabeer	1	3	7
55	Shahzad	1	10	12
56	Shakir Khokhar	1	11	8
57	Shakir Khokhar	1	10	7
58	Shan	1	3	1
59	Shareef Khokhar	1	9	9
60	Shoaib Khokar	1	4	5
61	Sultan Khokhar	1	5	10
62	Tanveer	1	9	5
63	Zameer Shah	1	9	8
Total Assets counted / available		71	455	458
Add the items burnt / destroyed articles		15	43	burnt but repaired
Total countable at bulail cattle market		86	498	458
Un-installed canopies lying idle or articles trnsf. To ludden as reported by MO vide builty No. 691 Date 28.03.16 vehicle No. LXT 6683 of Rajput Goods transport Co.		7	25	3
Total of Assets available + burnt articles as on 06.05.17		93	523	461
Total Purchased Assets		100	500	500
Assets confiscated under Police operation as reflected in 12th BOD meeting taken over by Company		0	186	82
Total assets should be (purchased + confiscated)		100	686	582
Missing assets as per stock taking as on 06.05.17		7	163	121
Rate inclusive tax as paid by Company		0.170	0.006	0.005
Amount of Missing / Misappropriated assets		1.187	1.030	0.647
Total amount of missing assets		-	-	2.864