



**AUDIT REPORT
ON
THE ACCOUNTS OF
EXPENDITURE OF
GOVERNMENT OF THE PUNJAB
AUDIT YEAR 2018-19
(VOLUME-I)**

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

A.D.	Assistant Director
AARI	Ayub Agricultural Research Institute
ABL	Allied Bank (Pvt) Limited
ACL	Audit Command Language
ACS	Additional Chief Secretary
ADLR	Assistant Director Land Records
ADP	Annual Development Programme
AG	Accountant General
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AIR	Audit & Inspection Report
APO	Annual Plan of Operation
APPM	Accounting Policies and Procedures Manual
APPROX	Approximately
APR	Actual Payee Receipt
ATC	Anti-terrorist Court
ATM	Automated Teller Machine
AWB	Area Water Boards
BARI	Barani Agricultural Research Institute
BISE	Board of Intermediate & Secondary Education
BoG	Board of Governor
BOM	Board of Management
BoP	Bank of Punjab
BOQ	Bill of Quantity
BVH	Bahawal Victoria Hospital
C&W	Communication & Works
CA	Conveyance Allowance/Chartered Accountant
CCA	Cultureable Command Area
CCI	Council of Common Interests
CCPO	Capital City Police Officer
CDR	Call Deposit Receipts
CEO	Chief Executive Officer
CGA	Controller General of Accounts
CM	Chief Minister
CNIC	Computerized National Identity Card

CPO	City Police Officer
CPWD	Central Public Works Department
CRI	Cotton Research Institute
CRS	Crop Reporting Service
CTD	Counter Terrorism Department
CVT	Capital Value Tax
DAC	Departmental Accounts Committee
DAO	District Accounts Officer
DCO	Divisional Canal Officer
DD	Deputy Director
DDC	Deputy Director Colleges
DDO	Drawing & Disbursing Officer
DDO (R)	Deputy District Officer (Revenue)
DEA	District Education Authority
DEO	District Excise Officer
DFC	District Food Controller
DFO	Divisional Forest Officer
DG	Director General
DGHS	Director General Health Services
DGPR	Director General Public Relations
DHQ	District Head Quarter
DIG	Deputy Inspector General
DOR	District Officer (Revenue)
DP	Draft Para
DPI	Director Public Instructions
DPL	Daily Paid Labour
DPO	District Police Officer
DPWO	District Population Welfare Officer
DRTA	District Regional Transport Authority
DSO	District Sports Officer
DTL	Drug Test Laboratories
DWD	Director Women Development
DWE	Directorate of Workers Education
E&T	Excise & Taxation
ECSP	Engineering Consultancy Services Punjab
EFU	Eastern Federal Union
EOI	Expression of Interest
EPA	Environment Protection Agency
EPD	Environment Protection Department

ETT	Exercise Treadmill Test
F&MDRC	Foot & Mouth Disease Research Centre
FAO	Food & Agricultural Organization
FBR	Federal Board of Revenue
FD	Finance Division
FDVP	Fruit and Vegetable Development Project
FESCO	Faisalabad Electricity Supply Company
FHC	Family Health Clinic
FIEDMC	Faisalabad Industrial Estates Development and Management Company
FIR	First Investigation Report
FJMU	Fatima Jinnah Medical University
FMP	Farmers Market Pvt. Ltd.
FNA	Fine Needle Aspiration
FWC	Family Welfare Center
GARV	Gross Annual Rental Value
GC	Government College
GCC	General Conditions of the Contract
GCWUF	Government College for Women University, Faisalabad
GDP	Gross Domestic Product
GFA	Goods Forwarding Agency
GoPb	Government of Punjab
GPF	General Provident Fund
GRN	Goods Receipt Note
GST	General Sales Tax
HBL	Habib Bank (Pvt.) Limited
HIV	Human Immunodeficiency Virus
HMSCs	Hi-Tech Mechanization Services Centers
HPTC	Hepatitis Prevention and Treatment Clinic
HPTP	Hepatitis Prevention and Treatment Program
HR	Human Resource
HRA	House Rent Allowance
HRI	Horticultural Research Institute
HUD	Housing Urban Development
IC&I	Industries Commerce & Investment
ICT	Institute of Computer Training
IDAP	Infrastructure Development Authority Punjab
IEE	Initial Environmental Examination
IGP	Inspector General of Police
IT	Information Technology

ITP	Income Tax Payee
KEMU	King Edward Medical University
KPI	Key Performance Indicators
KVA	Kilo Volt Ampere
LAC	Lahore Arts Council
LBDC	Lower Bari Duab Canal
LC	letter of credit
LCC	Lower Chenab Canal
LCWU	Lahore College for Women University
LD	Liquidated Damages
LDA	Lahore Development Authority
LES	Livestock Experimental Station
LFA	Local Fund Audit
LG&CD	Local Government & Community Development
LP	Local Purchase
LPR	Leave Preparatory to Retirement
Ltd.	Limited
M&R	Maintenance & Repair
M.Phil	Master of Philosophy
M.Ton	Metric Ton
MB	Measurement Book
MCB	Muslim Commercial Bank
MCPFB	Market Committees Provincial Fund Board
MEPCO	Multan Electric Power Company
MFDAC	Memorandum for Departmental Accounts Committee
MHU	Mobile Health Unit
MOU	Memorandum of Understanding
MPA	Minister of Provincial Assembly
MRA	Motor Registration Authority
MRP	Maximum Retail Price
MRS	Market Rate Schedule
MSD	Medical Store Depot
MT	Matric Ton
NAB	National Accountability Bureau
NADRA	National Database & Registration Authority
NAM	New Accounting Model
NBP	National Bank of Pakistan
NEEC	National Education Equipment Centre
NEQS	National Environmental Quality Standards

NESPAK	National Engineering Services Pakistan
NGO	Non Governmental Organization
NHP	Net Hydel Profit
NICL	National Insurance Company Limited
NOC	No objection Certificate
NTN	National Tax Number
OFWM	On Farm Water Management
OPC	Overseas Pakistanis Commission
ORIC	Office of Research, Innovation and Commercialization
OSD	Officer on Special Duty
P&D	Planning & Development
P&E	Planning & Evaluation
P&SH	Primary & Secondary Healthcare Department
P&SHD	Primary & Secondary Health Department
PAC	Public Accounts Committee
PACP	Punjab Aids Control Program
PAO	Principal Accounting Officer
PARB	Punjab Agriculture Research Board
PBCC	Punjab Board of Chairman's Committee
PCC	Plain Cement Concrete
PC-I	Planning Commission -I
PC-IV	Planning Commission - IV
PCPC	Punjab Consumer Protection Council
PD	Project Director
PDP	Proposed Draft Para
PDWP	Project Development Working Party
PEPCO	Peshawar Electricity Power Company
PFCB	Punjab Film Censor Board
PFR	Punjab Financial Rules
PFSA	Punjab Forensic Science Agency
PGO	Post Graduate Officer
PHD	Doctor in Philosophy
PHE	Public Health Engineering
PHP	Punjab Highway Patrolling
PIA	Pakistan International Airline
PIDA	Punjab Irrigation and Drainage Authority
PIEDMC	Punjab Industrial Estates Development and Management Company
PIFRA	Project to Improve Financial Reporting and Auditing
PITB	Punjab Information Technology Board

PJCC	Punjab Jiangu Cultural Center
PKLI	Pakistan Kidney & Liver Institute
PLA	Personal Ledger Account
PLS	Profit & Loss Saving
PM	Project Manager
PMDC	Punjab Medical & Dental Council
PMU	Project Monitory Unit
POL	Petrol, Oil & Lubricants
PP	Plant Protection
PPB	Punjab Privatization Board
PPCBL	Punjab Provincial Cooperative Bank Limited
PPR	Punjab Procurement Rules
PPRA	Punjab Public Procurement Regulatory Authority
PPSC	Punjab Public Service Commission
PQR	Police QaumiRazaqar
PR centres	Procurement Reserve
PRAL	Pakistan Revenue Automation Ltd.
PRMP	Punjab Public Management Reform Program
PRO	Public Relation Officer
PRTC	Punjab Road Transport Corporation
PSCA	Punjab Safe City Authority
PSIC	Punjab Small Industries Corporation
PST	Punjab Sales Tax/Punjab Services Tribunal
PT-8	Property Tax-8
PTA	Provincial Transport Authority
PTCL	Pakistan Telecommunication Company Ltd.
Pvt	Private
PVTC	Punjab Vocational Training Council
PW	Pest Warning
PWEP	Punjab Women Empowerment Project
QAC	Quality Assurance Committee
QAMC	Quad-e-Azam Medical College
RARI	Regional Agricultural Research Institute
RCCSC	Research Center for Conservation of Sahiwal Cattle
RF	Registration Fee
RHS-A	Rehabilitation Health Services-A
RI	Research Institute
RIC	Rawalpindi Institute of Cardiology
RMU	Rawalpindi Medical University

RPO	Regional Police Officer
RTGS	Real Time Gross Settlement Systems
S&GAD	Services & General Administration Department
SAP	System Application Procedures
SDA	Special Drawing Account
SED	School Education Department/Secretary Education Department
SHO	Station Head Officer
SMO	Senior Medical Officer
SP	Superintendent of Police
SPL	Special Publication Lahore
SPPs	Small Power Producers
SPU	Semen Production Unit
SS/ ACS	Special Secretary / Additional Chief Secretary
SSP	Senior Superintendent of Police
STR	Subsidiary Treasury Rules
T.O.	Treasury Officer
TA/DA	Travelling Allowance / Daily Allowance
TEVTA	Technical Education and Vocational Training Authority
THQ	Tehsil Head Quarter
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TPU	Transport Planning Unit
TVC	Television Video Cassettes
U.E.	University of Education
UBL	United Bank Limited
UCC	Upper Chenab Canal
UET	University of Engineering & Technology
UHS	University of Health Sciences
UMDC	University Medical and Diagnostic Center
UNDP	United Nations Development Program
UPS	Uninterrupted Power Supply
UVAS	University of Veterinary and Animal Sciences
VAWC	Violation Against Women Centre
VIP	Very Important Personality
VVIP	Very Very Important Personality
WAPDA	Water and Power Development Authority
WHO	World Health Organization
WMTI	Water Management Training Institute
XEN	Executive Engineer

PREFACE

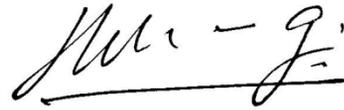
Articles 169 and 170 (2) of the Constitution of the Islamic Republic of Pakistan 1973, read with Section 8 of the Auditor General (Functions, Powers, Terms and Conditions of Service) Ordinance 2001, require the Auditor General of Pakistan to conduct audit of the accounts of the Federation and of the Provinces, and the accounts of any authority or body established by the Federation or a Province.

The report is based on audit of the accounts of various departments and organizations of Government of the Punjab for the Financial Year 2017-18 and accounts of some formations from previous years. The Directorate General Audit Punjab conducted audit during 2018-19 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes systemic issues and significant audit findings contained in two volumes (Volume-I & Volume-II). Relatively less serious issues are listed in Memorandum for Departmental Accounts Committee (MFDAC) as Annexure-I of the Audit Report. These shall be pursued with the Principal Accounting Officers (PAO) at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

Audit findings indicate need for adherence to the regularity framework besides instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities.

Most of the observations included in this report have been finalized in the light of decisions made in the DAC meetings and departmental replies. The response of some of the auditee departments was not forthcoming despite the fact that observations included in this report were issued to the PAOs from July to November 2018 and reminders were also issued to convene DAC meetings.

The Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 for causing it to be laid before the Provincial Assembly.



(Javaid Jehangir)

Auditor General of Pakistan

Islamabad Dated: 14.02.2019

EXECUTIVE SUMMARY

Audit Report on the Accounts of Government of the Punjab

This Report contains thirty two chapters contained in two volumes (Volume-I & Volume-II) incorporating results of certification and compliance with authority audits mainly carried out in the year 2018-19.

The report calls attention to a set of issues, including a consistent disregard towards prescribed regularity framework, inappropriate use of funds, poor record management, lack of transparency in procurements and mismanagement of receipts. It further emphasizes the need for strengthening internal controls and initiating effective accountability of persons responsible for irregularities.

Audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs) as adopted by the Department of the Auditor General of Pakistan. A desk audit exercise was carried out to identify high risk entities and high value transactions. To this end, use of Audit Command Language (ACL) was made besides placing reliance on the judgment of the auditors in the field. Final audit findings were framed after considering the response from the auditee departments.

Objectives

Audit was conducted on test check basis with the objectives to:

- ascertain whether the moneys shown as expenditure in the accounts were authorized for the purpose for which they were spent;
- determine if the expenditure incurred was in conformity with the applicable laws, rules and regulations;

- examine that every item of expenditure was incurred with the approval of the competent authority; and
- evaluate that the canons of financial propriety were observed.

a. Scope of Audit

For the financial year 2017-18, auditable budget in the ambit of Directorate General Audit Punjab was Rs.1,900,666.544 million. The budget audited was Rs.637,217.301 million. Moreover, audit findings on budget of Rs.70,747.019 million for the financial year 2016-17 are also included in this Report.¹

b. Recoveries at the instance of audit

Recovery of Rs.31,719.71 million was pointed out by audit. Recovery effected from January to December 2018 was Rs.274.70 million.

c. Audit Methodology

This office conducts a detailed audit drill combining an elaborate planning process with a set of robust execution techniques. Salient features of audit methodology are outlined below:

Firstly, the detailed planning files are prepared covering all the areas of activities of the auditee formations besides details of their budget organizational and legal framework. Then, risk assessment exercise is carried out to identify main risk areas. Audit strategy based on desk audit is implemented by using ACL to draw sample and extract information on accounts of the Government of the Punjab from SAP-R3 data. This is followed by issuance of work programs considering the geographical locations. In order to complete audit programs and to collect evidence,

1. This report mainly incorporates results of regularity audit. However, the gist of audit findings of the certification audit carried out on the accounts of Government of the Punjab for financial year 2017-18 is also included. In addition, this Directorate conducted certification audit of ten Foreign Aided Projects, three Special Studies, six Performance Audits, two Special Audit, two Information System Audits and one environment Audit.

audit teams perform inspection of auditee formations. This information is recorded, in detail, in the execution files prepared according to the standard working paper kit issued by Auditor General of Pakistan. On conclusion of field audit, a formal exit conference is held with responsible officials of the auditee formations which leads to issuance of a formal audit & inspection report. Another opportunity is provided to the management to offer their annotated responses to the audit observations by requesting the PAO to hold meeting of the DAC. Then, an internal quality review is performed to evaluate the adequacy of audit findings in terms of auditing standards. In the end, an external quality review is carried out to shape up the final contours of the report and make it presentable for the intended stakeholders.

d. Comments on Internal Controls:

Internal controls in government departments comprise of systems, processes, environment and activities that taken together support management in achieving the government's policy objectives. The ultimate objective of an internal control system is to ensure integrity of information, compliance with law, observance of rules, regulations, safeguarding assets and ensure economical operations.

The report identifies control failure in the following areas:

- Maintenance of records
- Delegation of financial powers
- HR management
- Payroll procedures
- Contract management
- Inventory management
- Asset management
- Procurements
- Utilization of grants and development funds

Critical areas which need special attention of the PAO are:

- Accurate assessment and timely realization of receipts.
- Completeness and accuracy of payroll.
- Establishing and maintaining a robust system of stores and stock.
- Timely recovery of Loans & Advances.
- Procurements observing the procurement laws.
- Deduction of taxes at source.

e. The key audit findings of the report:

1. Misappropriation of funds amounting to Rs. 5,980.93 million were noticed in six cases.¹
2. Procurement of goods and services in violation of Punjab Procurement Rules amounting to Rs. 42,979.16 million in sixteen cases.²
3. Undue retention of government money Rs. 2,247.66 million were noticed in eight cases.³
4. Irregular appointments were noticed in ten cases amounting to Rs. 3,728.20 million.⁴

Para 1: 8.4.2, 8.4.3, 8.4.4, 8.4.5, 8.4.6, 11.4.1

Para 2: 2.4.2, 3.4.2, 6.4.2, 8.4.11, 8.4.24, 9.4.3, 10.4.44, 11.4.7, 20.4.5, 21.4.2, 22.4.8, 22.4.11, 22.4.13, 24.4.4, 26.4.4, 28.4.35

Para 3: 9.4.35, 10.4.57, 25.4.7, 28.4.58, 28.4.90, 28.4.176, 28.4.187, 28.4.190

Para 4: 2.4.8, 2.4.47, 8.4.10, 9.4.5, 10.4.29, 22.4.14, 25.4.3, 26.4.5, 28.4.36, 28.4.162

5. Recovery pointed out in thirteen cases amounting to Rs.19,286 million.¹
6. There were six cases pertaining to management of assets amounting to Rs.1,459.72 million.²
7. Irregular mode of payment was noticed in four cases amounting to Rs.1,728.89 million.³

f. Recommendations

1. Investigate cases regarding embezzlements/frauds and suspected misappropriation of public money and, taking necessary remedial and preventive measures.
2. Ensure production of relevant record for audit in respect of cases of non-production of record pointed out in the report besides taking disciplinary action in terms of Section 14(3) of Auditor General's Ordinance, 2001.
3. Adhere to canons of financial propriety, rules and regulations, especially in autonomous institutions.
4. Strengthen the internal control mechanisms to prevent recurrence of irregularities of similar nature.
5. Effect prompt recovery of government dues and overpayments, wherever applicable, and their deposit into the government treasury.
6. Interpret and apply Acts, Statutes and Rules in Autonomous bodies in a uniform manner.
7. Monitor progress regarding holding of DAC meetings by respective Principal Accounting Officers and their output.

Para 1: 2.4.41,6.4.14,8.4.25,8.4.26,9.4.13,10.4.74,10.4.75,10.4.79,11.4.60,11.4.64,11.4.67,28.4.104,28.4.111
 Para 2: 3.4.15,9.4.19,28.4.83,28.4.87,28.4.137,29.4.11
 Para 3: 8.4.20,10.4.38,11.4.11,28.4.41

8. Improve compliance with directives of Public Accounts Committee by the departments.
9. Enhance capacity of financial managers.

SUMMARY OF TABLES

Table 1: Audit Work Statistics

(Rupees in millions)

Sr. No.	Description	No.	Budget
1.	Total Entities (Administrative Departments/PAOs)	32	1,900,666.544
2.	Total Formations	2396	1,900,666.544
3.	Total Entities Audited	27	637,217.301
4.	Total Formations Audited	511	637,217.301
5.	Audit & Inspection Reports	511	637,217.301
6.	Other Reports (FAP/Special Studies)	24	*30,646.446

* This figure represents the amount of budget of ten FAP Audits conducted.

Table 2: Audit observations classified by categories

(Rupees in millions)

Sr. No.	Description	Monetary Value of Audit Observations
1.	Unsound asset management	23,962.31
2.	Weak financial management	205,399.21
3.	Weak Internal controls relating to financial management	31,848.61
4.	Others	84,518.17
Total		345,728.30

Table 3: Outcome Statistics*(Rs. in millions)*

Sr. No	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts	Others	Total Current Year	Total Last Year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Financial outlay audited	101,242.65	17,288.88	8,695.65	509,990.12	637,217.30	611,876.64
2.	Monetary Value of Audit Observations	58,030.32	9,909.65	4,984.18	272,804.15	345,728.30	374,566.94
3.	Recoveries Pointed Out at the instance of Audit	41.24	4,606.90	2,370.48	24,701.09	31,719.71	8,424.52
4.	Recoveries Accepted/ Established at the instance of Audit	41.24	4,606.90	2,370.48	24,701.09	31,719.71	8,424.52
5.	Recoveries Realized at the instance of Audit	-	-	-	274.70	274.70	343.80*

***Note:** Recoveries realized at the instance of Audit for this year are from January to December 2018.

Table 4: Irregularities pointed out*(Rupees in millions)*

Sr. No	Description	Monetary Value of Audit Observations
1.	Violation of Rules and regulations and violation of principles of propriety in public operations	155,085.21
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources	6,084.57
3.	Accounting Errors (accounting policy departure from NAM, misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements	28,045.30
4.	Weaknesses of internal control systems	31,848.61
5.	Recoveries and overpayments, representing cases of established overpayments or misappropriations of public money	31,719.71
6.	Non-production of record*	-
7.	Others, including cases of accidents, negligence etc.	92,944.90

* Non-production of record was noted in 29 cases.

Table 5: Cost Benefit*(Rs in million)*

Sr. No	Description	Amount			2016-17
		2017-18			
		Expenditure	Provincial Receipt	Total	
1.	Outlays Audited (item-1 of table-3)	637,217.30	153,966.09	791,183.39	755,292.50
2.	Expenditure on audit	-	-	264.650	290.84
3.	Recoveries realized at the instance of Audit	274.70	925.622	1,200.322	460.48
4.	Cost benefit ratio			1:4.53	1:1.58

Note: The above table shows collective figures and ratios of expenditure and receipts wings.

CHAPTER 1

Public Financial Management Issues (Accountant General Punjab and Director Budget & Accounts Forest Department)

1.1 AUDIT PARAS

1.1.1 Excess payment against Domestic Debt-Rs.16.834 billion

Risk Categorization: High

Observation:

Excess repayment of Domestic Loans amounting to Rs. 16.834 billion was appearing in Annexure-1 of Finance Accounts. Despite the fact that there was already a negative balance indicating excess payment; further repayment of Rs. 1.493 billion was found recorded against Domestic Loans during the financial year 2017-18.

Implications:

- Indication of financial indiscipline.
- Misleads the user of the financial statements about the true and fair position of the state of affairs of financial data of the Government.

Management response:

The observation has been communicated to the Finance Department dated 26.09.2018 and subsequent reminder dated 08.10.2018.

Recommendation:

Debt balances are required to be updated on regular basis according to the figures of Finance Department and Economic Affairs Division. Moreover, the debt balances need to be reconciled with lenders on priority basis for accurate accounting.

1.1.2 Unjustified negative balances of Foreign Debt-Rs. 86.297 billion

Risk Categorization: High

Observation:

There was a negative closing balance of foreign debt appearing in Annexure II (E03302) of Finance Accounts amounting to Rs. 86.297 billion.

Implications:

- Reflects financial indiscipline.
- Misleads the user of the Financial Statements about the true and fair position of financial data of the Government.

Management response:

The observation has been communicated to the Finance Department dated 26.09.2018 and subsequent reminder dated 08.10.2018.

Recommendation:

Debt balances are required to be updated on regular basis according to the figures of Finance Department and Economic Affairs Division. Moreover, the debt balances need to be reconciled with lenders on priority basis for accurate accounting.

1.1.3 Difference of cash balances between book and bank-Rs. 7.551 billion

Risk Categorization: High

Observation:

There was a difference of Rs.7.551 billion between Closing Cash Balance as per Finance Accounts and Closing Cash Balance as per State Bank of Pakistan during the Financial Year 2017-18.

Implications:

- Affect the reliability of the data used by the Government in preparing the financial statements.
- Misleads the user of the financial statements about the true and fair position of financial data of the Government.

Management response:

It is submitted that in F.Y 2017-18 there was a difference of Rs.7,551 Million in book and bank balances of Govt. of Punjab. Out of which Receipts of Rs.121,473/- pertained to F.Y.2017-18 but were reported by SBP in F.Y.2018-19. Similarly payment of Rs.8,502,043,250 pertained to F.Y 2017-18 but it was reported by SBP in 2018-19, concerning district Authorities. Hence after inclusion of above noted receipt and payment, the un-reconciled difference for 2017-18 remained Rs. 950,989,295 the efforts are being made to resolve this issue at the earliest possible.

Recommendation:

The issue needs to be looked into at a higher level for rectifying the discrepancies in a timely manner with a view to enable accurate reporting.

1.1.4 Excess expenditure-Rs. 13.294 billion

Risk Categorization: High

Observation:

As per Para 13.2 (ii) of the Punjab Budget Manual “the total expenditure incurred for any purpose should not exceed the grant or grants provided for that purpose.” Further, as envisaged in Para 15.1 & 15.2 “expenditure should not be incurred on a scheme/service without provision of funds.”

Expenditure of Rs. 13.294 billion was incurred against the budget released by Finance Department in SAP R3 system during 2017-18. The

same however, was not published in revised budget book. This caused excess expenditure against budget being shown in the accounts.

Implications:

- Non-compliance of Budget Manual.
- Lack of control over expenditure against allocated budget by the AG Punjab.
- Occurrence of unauthorized expenditure.
- Leads to financial indiscipline.

Management response:

Pay & allowances are mandatory payments and over all expenditures under pay & pension are within budgetary allocation. As for contingent payment, budgetary allocations are available in other LQ's (Fund Centers). Out of Rs. 6,291,489,723 of contingent claim, around 3 billion claims were wrongly reported. Moreover, budget relating mapping table (ZDDOCN) needs to be reviewed by Accountant General Punjab, while preparing Accounts, Finance Department, Government of the Punjab maintaining a mapping table (ZCO DDO's) for this purpose.

Recommendation:

Management needs to take effective steps and ensure that all budget releases should be incorporated into the Revised Budget Book published by the Finance Department and correct the mapping issue if any.

1.1.5 Non recording of expenditure-Rs.10.797 billion

Risk Categorization: High

Observation:

An expenditure of Rs.10.797 billion incurred through Assignment Accounts (ADB) was not recorded as consolidated fund expenditure due to non -budgeting of Donor Funded Assignment account releases.

Moreover, during the year receipt was Rs. 16.373 billion and payment was Rs. 15.416 billion the savings of Rs.0.957 billion was not reversed and adjusted against previous excess payments.

Implications:

- Understated expenditure.
- Lack of control over expenditure.

Management response:

It is submitted that this office has already taken the matter with Special Secretary Finance to take immediate action against this G.L. Account G11264.

The matter was taken up with special Secretary Finance through treasury office, Lahore who has informed that the matter will be resolved on the release of amount (Budget) by the Finance Department who had yet to release budget against certain grants, and hence expenditure already balances but could not be cleared. Afterwards, another meeting was held with Finance Department in January 2018 but no progress yet noticed.

Recommendation:

Management needs to forward the case to CGA to take up with EAD/Finance Division.

1.1.6 Unutilized budget-Rs. 461.851 billion

Risk Categorization: High

Observation:

According to Rule 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first Statement

of Excesses and Surrenders by 1st January and the second Statement of Excesses and Surrenders by the 31st March. All anticipated savings should be surrendered to Government immediately they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time and no savings should be held in reserve for possible future excess.

While scrutinizing Appropriation Accounts of Govt. of the Punjab it was observed that an amount of Rs. 2,056.102 billion was allocated in the annual budget for the year 2017-18 and placed at the disposal of departmental authorities but funds amounting to Rs.461.851 billion i.e. 22.46 percent were not utilized.

Implications:

- Non-compliance of Punjab Budget Manual.
- Inefficient utilization of Government funds.
- Incorrect budget estimations.

Management response:

The observation has been communicated to the Finance Department dated 26.09.2018 and subsequent reminder dated 08.10.2018.

Recommendation:

We recommend that the Government resources be used efficiently and effectively for the intended purposes.

1.1.7 Fraudulent payment-Rs.0.290 billion

Risk Categorization: High

Observations:

Under the object Contingent Payments, an amount of Rs. 17.952 million was paid by the District Accounts Officer, Multan to Children

Hospital Complex, Multan during 2015-18 against fake claims under head “Purchase of Drugs and Medicines”. Similarly, Rs. 267.179 million was paid by the Accountant General Punjab to Director Agriculture (Economics and Marketing) during 2015-18 against various fake claims. The matters are under investigation.

Under the object Pay & Allowances, an amount of Rs. 4.471 million was shown to be paid by the District Accounts Office, Multan to the fake employees of Punjab Constabulary, Multan. This matter is under investigation.

Implication:

Weak internal controls on the part of entity and potential of further fraud.

Management response:

The matters are under investigation.

Recommendations:

The matters may kindly be probed in detail and any further excess/fraudulent expenditure be recovered.

1.1.8 Fraudulent payment from Public Account Rs.0.002 billion

Risk Categorization: High

Observations:

An amount of Rs.0.002 billion was paid by the District Accounts Officer Multan against GPF advances to non existing employees of Punjab Constabulary, Multan. The matter is under investigation.

Implication:

Weak internal controls on the part of entity and potential for further fraud.

Management response:

The matter is under investigation.

Recommendations:

The matter may kindly be probed in detail and amounts may be recovered and deposited into government treasury.

1.1.9 Vouched account of booking of third party payments and Post Audit report Rs. 46.735 billion

Risk Categorization: High

Observations:

Scrutiny of accounts for the period 2017-18, revealed that an amount of Rs. 46,735 million was booked on account of third party payments, vouched account and post audit report not provided for audit scrutiny.

Implications:

- Doubtful expenditure without vouched account.
- Weak supervisory and financial internal controls.

Management response:

The observation has been communicated to the Finance Department dated 26.09.2018 and subsequent reminder dated 08.10.2018 as well as all project Directors.

Recommendations:

Audit recommends to ensure the vouched account of third party payments as the finance department replied that the provision of vouched accounts and post audit reports does not fall under the purview of Finance Department.

1.1.10 Post audit of SDA not conducted Rs. 29.624 billion

Risk Categorization: High

Observation:

As per SDA Policy 2007 para No.2.3 (a) the drawing authority will submit monthly accounts of expenditure supported with copies of paid vouchers to the concerned AG/DAO/TO for post audit purpose by 15th of each month. Further the DAOs will carry out 100% post audit themselves, whereas TOs will submit this account to the concern Accountant General for complete post audit.

During scrutiny of record, it was found that post audit on account of SDA payment by AG office Punjab and DAOs was not being carried out in contravention to the SDA policy referred above. Detail is as follows;

Profit Center	Amount (Rs.)	Profit Center	Amount (Rs.)
AG-AK	35,531,540	AG-LY	1,117,513,553
AG-BH	1,892,028,299	AG-MB	1,206,091,912
AG-BK	1,173,439,763	AG-MH	1,637,123,771
AG-BR	13,603,271,906	AG-MI	1,230,102,065
AG-CH	1,205,622,404	AG-MN	18,930,476,024
AG-CT	458,537,292	AG-NK	1,164,288,621
AG-DG	7,759,765,237	AG-NL	1,524,705,450
AG-FD	640,812,681	AG-OK	2,214,957,289
AG-GA	14,552,535,536	AG-PK	952,134,643
AG-GT	1,480,069,130	AG-RI	426,794,432
AG-HF	532,386,619	AG-RN	5,951,720,145
AG-JG	1,479,075,232	AG-RP	1,164,598,535
AG-JM	837,786,995	AG-SA	204,708,318
AG-KB	982,136,952	AG-SG	6,695,642,161
AG-KS	1,843,640,232	AG-SL	7,356,917,394
AG-KW	1,603,884,570	AG-ST	3,342,542,706
AG-LN	1,000,794,456	AG-TS	1,404,403,855
AG-LO	187,042,517,813	AG-VR	1,975,251,016
Total			296,623,808,547

Implications:

- Leads to financial indiscipline.
- Failure of pre-audit checks.

Management response:

It is submitted that the post audit of SDAs is policy matter to be implemented in letter & spirit in all accounts offices. In the current financial year, the post audit of SDA payments is being conducted.

Recommendation:

Post-audit conducted on regular basis according to the prescribed rules and regulations.

1.1.11 Non-reconciliation of pensioners/pension payments with the Banks Rs.170.087 billion.

Risk Categorization: High

Observation:

As per New simplified procedure of processing and disbursement of pension through pension roll and As per SOPs circulated by Inspectorate of Treasuries & Accounts, Government of the Punjab, Finance Department vide letter No. nil dated Lahore, 9th January 2018 “the bank (main branch or its dealing section) and AG, Punjab/DAO, the respective departments and the banks shall carry out reconciliation on quarterly basis regarding total number of pensioners (department wise) new PPOs issued/authorized, pension stopped/restored, discontinued or amended on the basis of dull details and particulars of pensioners and copies shall be retained as permanent record”.

Expenditure of Rs.170.087 billion as detailed below was incurred against PC21028 Pension Payments during 2017-18 but above mentioned information along with status of Post audit of the following expenditure was not produced for audit scrutiny.

Profit Center	Total (Rs.)	Profit Center	Total (Rs.)
AG-AK	3,188,546,918	AG-LY	2,295,548,790
AG-BH	4,368,294,082	AG-MB	2,289,776,552
AG-BK	2,131,498,042	AG-MH	4,191,695,061
AG-BR	6,432,588,126	AG-MI	3,125,964,752
AG-CH	3,269,915,343	AG-MN	7,328,044,049
AG-CT	696,973,248	AG-NK	1,448,325,875
AG-DG	4,248,516,838	AG-NL	2,662,335,426
AG-FD	11,736,648,097	AG-OK	3,266,051,532
AG-GA	6,613,086,608	AG-PK	1,563,930,822
AG-GT	4,555,015,134	AG-RI	9,487,825,040
AG-HF	1,325,488,244	AG-RN	5,308,927,102
AG-JG	3,963,390,024	AG-RP	2,032,500,882
AG-JM	2,998,472,025	AG-SA	5,241,295,837
AG-KB	2,098,103,074	AG-SG	7,558,667,756
AG-KS	3,589,643,160	AG-SL	4,659,523,976
AG-KW	3,608,595,034	AG-ST	5,255,652,056
AG-LN	1,402,055,856	AG-TS	3,300,672,572
AG-LO	29,869,884,662	AG-VR	2,973,282,778
Total		170,086,735,372	

Implications:

- Non-observance of rules & regulation.
- Weak internal controls.

Management response:

This office has taken up the following matters with all commercial banks.

- Number of Pensioner add during the month.
- Number of Pensioner expired.
- Total pension payable and actually paid.

Recommendation:

Reconciliation of pension payments with all commercial Banks be made on priority basis to avoid any over payment.

Director Budget and Accounts Forest Department

***1.1.12 Expenditure without observing PPRA by Forest Department-
Rs. 0.576 billion***

Risk Categorization: High

Observation:

According to Rule 12 of PPR 2014, procurements over one hundred thousand rupees and upto the limit of two million rupees shall be advertised on the PPRA website in the manner and format specified by regulation by the PPRA from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Expenditure amounting to Rs.0.576 billion under head sowing & planting for development schemes was incurred without tendering in violation of PPRA rules by Punjab forest Department.

Implication:

- Non adherence of PPRA rules is tantamount to mismanagement of public finances.
- Deprive the Govt. from competitive rates.

Management response:

The department replied that the case was referred to Managing Director, PPRA S&GAD for rendering necessary advice regarding the work done through labour and some work are finalized through machinery and equipments. In response to this, the PPRA vide their letter No. L&M (PPRA) 1-13(G)/2011 dated 28.11.2018 has rendered its advice i.e. “In the instant case, Punjab Procurement Regulatory Authority 2009 and Punjab

procurement Rules 2014 shall prevail being procurement specific. Furthermore, these Rules being special enactment shall have precedence over any other manual/legislation relating to procurement. In view of preceding facts, the procuring agency is advised to accomplish its assignment in accordance with the relevant law/rules". On the perusal of advice, it has been observed that the advice of the PPRA is contrary to the ground realities and condition under which the forest department has to work. The matter is being again taken up with PPRA for its further consideration.

Recommendation:

Audit recommends to implement the Punjab Procurement Rules in letter & spirit as PPRA had already issued advice in the above mentioned letter that "the procuring agency was advised to accomplish its assignment in accordance with the relevant law/rules".

CHAPTER 2

AGRICULTURE DEPARTMENT

2.1 *Introduction*

As per Punjab Government Rules of Business 2011, the department is comprised of four attached departments and six autonomous bodies. It has been assigned the business of:

- Agricultural education training & research.
- Soil fertility & soil conservation.
- Agricultural loans / subsidies.
- Water courses conveyance efficiency through improvement of watercourses.
- Market committees & regional markets were set up under the Punjab Agricultural Produce Market Ordinance, 1975 and rules made there under during 1979.
- Production, multiplication and marketing of the certified seed through Punjab Seed Corporation.
- Development of cultivable Waste-land by Punjab Land Utilization Authority.
- Service matters except those entrusted to Services and General Administration Department.
- Purchase of stores and capital goods for the Department.

2.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Agriculture Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of four grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	243.259	(113.346)	129.913	127.441	(2.472)
PC21018	15,060.752	7,603.619	22,664.371	19,704.291	(2,960.080)
PC22036	19,267.524	(9,023.504)	10,244.020	7,503.778	(2,740.242)
PC12038	134.476	0.001	134.477	47.215	(87.262)
Total	34,706.011	(1,533.23)	33,172.781	27,382.725	(5,790.056)

Overview of Expenditure

The final budget of Agriculture Department for the year ended 30.06.2018 was Rs. 33,172.781 million. Out of this, actual expenditure was Rs. 2,7382.725 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	15,304,011,000	19,831,731,784	4,527,720,784	29.58
Development	19,402,000,000	7,550,992,649	(11,716,531,351)	60.80
Total	34,706,011,000	27,382,724,433	(7,323,286,567)	20.79

During the year, due to supplementary grants and surrenders amounting to Rs. 1,533.23 million, this composition changed. Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	22,794,284,000	19,831,731,784	(2,962,552,216)	13.00
Development	10,378,497,000	7,550,992,649	(2,827,504,351)	27.24
Total	33,172,781,000	27,382,724,433	(5,790,056,567)	17.45

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (5,790.056) million at the close of the year 2017-18 under grants PC21010, PC21018, PC22036 & PC12038 were not surrendered in time by the Department.

2.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1984-85	40	14	26	35
2	1985-86	85	67	18	79
3	1986-87	107	65	42	61
4	1987-88	21	14	7	67
5	1988-89	88	79	9	90
6	1989-90	71	45	26	63
7	1990-91	43	29	14	67
8	1991-92	25	14	11	56
9	1992-93	26	13	13	50
10	1993-94	49	34	15	69
11	1994-95	15	3	12	20
12	1995-96	46	0	46	0
13	1996-97	38	28	10	74
14	1997-98	76	49	27	64
15	1998-99	30	18	12	60
16	1999-00	110	60	50	55
17	2000-01	205	178	27	87
18	2001-02	89	51	38	57
19	2003-04	22	14	8	64
20	2005-06	62	10	52	16
21	2006-07	44	36	8	82
22	2009-10	35	18	17	40
23	2011-12	16	02	14	13
24	2013-14	46	08	38	17
Total		1389	847	542	61

The compliance with PAC directives in Agriculture Department is better than other departments (in comparative terms), however, the situation needs to be improved.

2.4 AUDIT PARAS

Non production of record

2.4.1 Non production of record/vouched accounts

Section 14 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that the officer in charge of any office/department shall afford all facilities and provide record for audit inspection and comply with request for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency & Discipline Rules.

During audit of following formations of Agriculture Department, neither the record was produced nor the vouched accounts provided to Audit for scrutiny despite repeated requests. (Annexure-2).

Audit was of the view that due to non- production of record, the veracity of the accounts could not be verified.

The lapses were pointed out to concerned formations from February to November 2018. Most of the formations either noted the observations for compliance or did not reply. Some formations did not provide any cogent reply.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the para at Sr. No. 8 was kept pending for regularization. The paras at Sr. Nos.9 & 25 kept pending for verification of record. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that a thorough probe may be held in the matter and the department should take disciplinary action against the persons held responsible for non-production of record.

Irregularity & Non Compliance

2.4.2 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.338.31 million

As per Rule 4 of 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. As per Rule 9 *ibid*, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The procuring agency shall advertise in advance annual requirements for procurement on the website of the Authority as well as on its website. Further, as per Rule 12 *ibid*, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations.

During audit of Agriculture Department, it was observed that expenditure to the extent of Rs. 338,309,587 (Annexure-3) was incurred irregularly on the purchase of store articles material etc. without advertisement on PPRA website through splitting and non observing of other PPRA rules.

Audit was of the view that non observance of PPR 2014 led to a non-transparent process of procurement.

The matter was pointed out to concerned formations from February to December 2018. Most of the formations either noted the observations for compliance or did not reply. The remaining formations did not provide cogent replies.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the amount of the para at Sr. No. 13 was reduced from Rs.3,538,844 to Rs.762,928 after verification of record. The para at Sr. No.18 kept pending for verification of record. The para at Sr. No. 39 kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be probed to fix responsibility besides condonation of irregularity from the competent authority.

2.4.3 Lapse of Funds due to non-surrendering of savings-Rs. 363.79 million

According to Para No.14.3 of Punjab Budget Manual, the Heads of Departments should submit, to the Finance Department, the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Agriculture Department, it was observed that first and second statements of excesses and surrenders were not submitted to Finance Department through Principal Accounting Officer due to which an amount of Rs. 363,788,034 (Annexure-4) was lapsed.

Audit was of the view that weak financial controls resulted in non-surrendering of savings.

The matter was pointed out to concerned formations from February to November 2018. Formations either noted the observations for compliance or not provided cogent reply.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the paras at Sr. Nos.7, 16, 18, 19 & 22 were kept pending for condonation of irregularity after settlement of appropriation accounts. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

2.4.4 Expenditure in excess of budget allocation-Rs. 57.69 million

As per Rule 17.15 of PFR Vol-I, no Government servant may, without previously obtaining an extra appropriation, incur expenditure in excess, of the amount provided for expenditure, under the heads concerned, and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Agriculture Department, it was observed that an expenditure of Rs. 57,690,710 (Annexure-5) was incurred in excess than budget allocation.

Audit was of the view that weak internal controls on “Appropriations” resulted in excess expenditure than budget allocation.

The matter was pointed out to concerned formations from February to November 2018. Some formations noted the observations for compliance whereas the other did not provide cogent replies.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the paras at Sr. Nos.1, 6, 13, 14 & 17 kept pending for regularization of expenditure after settlement of appropriation accounts. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to government instructions besides regularization of expenditure from the Finance Department.

2.4.5 Irregular/unauthorized consumption of POL over and above prescribed limit-Rs. 13.81 million

According to S&GAD Motor Transport Poll letter No. MTC(S&GAD) AT-II dated 22.09.1999, a prescribed limit on POL for official use of vehicles had been fixed monthly ceiling limit for 200, 175 liters & 150 liters for Secretaries, Additional Secretaries & Deputy Secretaries respectively.

During audit of Agriculture Department, it was observed that POL amounting to Rs. 13,807,257 was consumed over and above the prescribed limits and without approved tour programmes. The details are as under:-

Sr. No.	Name of formations	Period of audit	PDPs No.	Amount (Rs.)
1.	Director Horticulture, Faisalabad	2013-18	28000	7,474,820
2.	Chief (P&E) Cell, Agriculture Department, Lahore.	2014-17	24516	2,140,170
3.	DG Agriculture (Extension & Adaptive Research) Punjab, Lahore	2017-18	27214	1,118,290
4.	Deputy Director of Agriculture (PP) Pest Warning & Quality Control, Bahawalapur	2003-18	26611	1,068,813
5.	DG Agriculture (Field) Punjab, Lahore	2017-18	27197	475,040

Sr. No.	Name of formations	Period of audit	PDPs No.	Amount (Rs.)
6.	Director Soil Conservation Punjab, Rawalpindi	2016-18	28992	456,818
7.	Assistant Director of Agriculture (PP) Pest Warning Lahore	2015-17	25528	420,004
8.	D.D. of Agriculture (PP) Pest Warning & Quality Control of Pesticides DG Khan	2013-18	26415	338,071
9.	Assistant Agriculture Engineer (Well Drilling), Lahore	2015-17	24628	186,240
10.	Deputy Director Information, Faisalabad	2015-18	29097	128,991
Total				13,807,257

Audit was of the view that non adherence to government instructions resulted in excess consumption of POL than prescribed limit.

The matter was pointed out to concerned formations from February to November 2018. Most of the formations noted the observations for compliance whereas the remaining did not provide cogent replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

2.4.6 Irregular expenditure beyond competence-Rs. 1.44 million

As per Rule 2 (b) (xxv)(a)(iii) of Punjab Delegation of Financial Powers Rules 2006, category-III officers are empowered to sanction expenditure upto Rs. 40,000. Further, Rule 2(b)(i) (iv) ibid stated that the officer in category-III is competent to sanction expenditure upto Rs.20,000 in each case. Moreover, as per Rule 7 (b) (iii) (iv) of Delegation of Financial Powers Rules 1990, (Non-Recurring), the Category-III officers

were competent to sanction expenditure upto Rs. 10,000 for non-recurring expenditure in each case. Furthermore, as per Rule 12(iv) of Delegation of Financial Powers Rules 2016, category-III officer is empowered to sanction upto Rs. 0.25 million in each case.

During audit of Deputy Director Agriculture Green Belt, Lahore, it was observed that an expenditure of Rs.1,439,047 was incurred on purchase of stationery and other items. The expenditure was held irregular as the sanctioning authorities exceeded their respective limits for sanctioning expenditure. The details are as under:

Sr. No.	Name of formations	Period of audit	PDPs No.	Amount (Rs.)	Items Purchased / Sanctioned
1	Deputy Director Agriculture Green Belt, Lahore	2003-17	24701	616,850	Purchase of non-recurring items
2	Deputy Director Agriculture Green Belt, Lahore	2003-17	24702	275,091	Purchase of Stationery
3	Deputy Director Agriculture Green Belt, Lahore	2003-17	24703	271,106	Repair of M&E
4	Deputy Director Agriculture Green Belt, Lahore	2003-17	24704	276,000	Auction of Govt. Vehicle
Total				1,439,047	

Audit was of the view that weak internal controls on “Punjab Delegation of Financial Powers Rules” resulted in expenditure beyond competency.

The matter was pointed out to concerned formations in May 2018. The formation did not offer any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed besides regularization of expenditure from the Finance Department.

2.4.7 Irregular payment through cash-Rs. 33.03 million

As per note 2 below Rule 4.49 of Subsidiary Treasury Rules, no payment in excess of Rs. 10,000 can be made in cash to contractors. As per Finance Department letter No. F.D. (FR) v-6/75 (P) dated 20.06.2007, the limit was further enhanced to Rs. 100,000.

During audit of Agriculture Department, it was observed that a sum of Rs. 33,028,857 was drawn for payment to various contractors/suppliers. The payments were held irregular as the same were made in cash. The details are as under:

Sr. No.	Name of formations	Period of audit	PDPs No.	Amount (Rs.)
1	DG Agriculture Research, Faisalabad	2016-18	29286	24,336,409
2	Director Horticulture, Faisalabad	2013-18	28001	2,617,765
3	DG Soil Survey of Punjab, Lahore	2015-17	24506	1,729,658
4	Director Entomological Research Institute, Faisalabad	2016-18	29002	1,341,936
5	DG Soil Survey of Punjab, Lahore	2017-18	26211	1,055,520
6	Project No. 127 under working of Punjab agriculture Research Board, Lahore	2009-14	24673	762,000
7	PD Fruit & Vegetable, Punjab	2014-17	24585	633,714
8.	PD Fruit & Vegetable, Punjab	2014-17	24583	551,855
Total				33,028,857

Audit was of the view that disregard to rules and government instructions resulted in irregular payment through cash.

The matter was pointed out to concerned formations from February to November 2018. The managements either noted the observations for compliance or did not provide cogent replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to rules and government instructions while making payments and seek condonation of irregularity from the Finance Department.

2.4.8 Irregular appointment of contingent paid & other Staff without advertisement-Rs. 85.27 million

As per Government of the Punjab Finance Department letter No. RO (Tech) FD 2-2/2001 dated 03.11.2012, the procedure for appointment of work charge/daily wages staff was laid down in the preface to schedule of wage rates 2012, appointment to a post included in this Schedule may be made by the competent authority under Delegation of Financial Power Rules 2006 subject to the condition that the post(s) shall be advertised properly in the leading newspapers. Further, as per Supreme Court of Pakistan's ruling dated 19.01.1993, passed in Human Rights case No.104 (I to IV) 1992 read with S&GAD's Notifications No. SOR-III-2-2/91 dated 05.01.1995, no recruitment should be made against any post which is not advertised properly.

During audit of Agriculture Department, it was observed that an expenditure of Rs. 85,272,607 was incurred for payment to visiting faculty members, retired employees and daily wages/contingent employees. The expenditure was held irregular as the same was incurred on payment of wages to the daily waged employees/visiting faculty and retired Civilian employees who were appointed without advertisement in newspapers.

The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of Appointment	Amount (Rs.)
1	Pir Mehr Ali Shah, Arid Agriculture University, Rawalpindi	2017-18	27157	Daily wages staff	31,307,187
2	Pir Mehr Ali Shah, Arid Agriculture University, Rawalpindi	2017-18	27153	Visiting Faculty	26,725,446
3	Pir Mehr Ali Shah, Arid Agriculture University, Rawalpindi	2017-18	27156	Rtd. Civil & Army Officers	18,884,844
4	Director Vegetable (RI), Faisalabad	2011-18	30459	Contingent Paid staff	4,359,730
5	Director Horticulture, Faisalabad	2013-18	27996	Daily wages staff	1,026,067
6	Director Market Committees Provincial Fund Board, Lahore	2014-17	24938	Daily wages staff	893,513
7	Rice research Institute, Kala Shah Kaku	2016-18	29322	DPLs engagement	569,605
8	Director Barani Agricultural Research Institute, Chakwal	2017-18	26438	Daily Wages Staff	551,218
9	Director Barani Agricultural Research Institute, Chakwal	2017-18	26441	Daily wages	375,200
10	DG Soil Survey of Punjab, Lahore	2015-17	24513	Contingent Paid staff	338,073
11	Punjab Agricultural Research Board (PARB), Lahore	2015-17	24576	Contingent Paid staff	241,724
Total					85,272,607

Audit was of the view that disregard to government instructions resulted in irregular appointment of daily wages employees and expenditure on the wages thereof.

The matter was pointed out to concerned formations from April to November 2018. The formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

2.4.9 Poor Human Resource Management-Rs. 8.60 million

As per Finance Department letter No. FD/SRIV-8/76 (Prov.) dated 20.03.1988, in case of government servant is required to work at a station other than his headquarter for a period in excess of three months, the proper course for the department would be to approach Finance Department with full justification for creation of the post at the required station and its abolition of the post at the original headquarter.

During audit of agriculture department, it was observed that employees were deputed to perform duty in other offices of agriculture department but they were drawing salaries from the following offices. Thus an amount of Rs. 8,596,417 was irregularly paid to staff in contravention of above mentioned instructions of Finance Department. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director General Soil Survey of Punjab.	2017-18	26209	2,449,470
2.	Director Regional Agricultural Research Institute, Bahawalpur	2005-18	29902	1,992,610
3.	Director General Soil Survey of Punjab.	2015-17	24507	1,711,620
4.	Deputy Director Information, Faisalabad.	2015-18	29095	972,233
5.	Director Soil Conservation Punjab, Rawalpindi.	2016-18	28995	723,912

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
6.	PD Fruit & Vegetable	2014-17	24584	465,667
7.	Director General Agriculture (Field), Punjab.	2017-18	27204	280,905
Total				8,596,417

Audit was of the view that disregards to government instructions resulted in irregular payment of pay & allowances to employees deputed in other offices.

The matter was brought to the notice of concerned formations from May to October 2018. Most of the formations noted the observations for compliance while the other stated that detailed reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned from the Finance Department.

2.4.10 Non auction of off road vehicles and condemned articles- Rs.10.74 million

As per Rule 15.3 of PFR Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Agriculture Department, it was observed that off-road vehicles and condemned articles were lying idle. Neither these items were got repaired nor auctioned. The negligence on part of the management was causing loss to their value. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Estimated Price
1.	DG Soil Survey of Punjab, Lahore	2015-17	24502	4,000,000
2.	DG Soil Survey of Punjab, Lahore	2017-18	26210	3,640,000

Sr. No.	Name of formation	Period of Audit	PDP No.	Estimated Price
3.	Director Water Management Training Institute, Lahore	2017-18	26338	2,500,000
4.	Director Barani Agricultural Research Institute, Chakwal	2017-18	26440	400,000
5.	Chief (P&E) Cell, Agriculture, Lahore	2014-17	24521	200,000
Total				10,740,000

Audit was of the view that weak internal controls on “Management of Assets” resulted in non-auction of valuable items.

The matter was pointed out to concerned formations from April to November 2018. The formation at Sr. No. 1 stated that the case of vehicles would be processed as per rule. The formations at Sr. No. 2, 4 & 5 noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends immediate disposal of off road vehicles to avoid further deterioration.

2.4.11 Expenditure charged to irrelevant object head-Rs.6.85 million

According to Rule 3.15 of PFR Vol-I, all transactions of receipt and payment occurring at a treasury should be classified in the treasury accounts in accordance with the provisions of Chapter II of Account Code, Volume II. Further, the paragraph 5 of FD letter No.PS/FS/808/78 dated 26.08.1978 states that the Principal Accounting Officer should issue instructions to the controlling and disbursing officers that all payment are correctly classified under the appropriate heads of accounts.

During audit of Agriculture Department, it was observed that an amount of Rs. 6,846,573 was drawn against irrelevant head of account in contravention to above government instructions. The details are as under:

Sr. No.	Name of formations	Period of audit	PDPs No.	Amount (Rs.)
1.	Director Barani Agricultural Research Institute, Chakwal	2017-18	26434	2,139,680
2.	Pir Mehr Ali Shah- Arid Agriculture University, Rawalpindi	2017-18	27165	1,808,189
3.	Rice Research Institute, Kala Shah Kaku	2016-18	29307	1,445,067
4.	Deputy Director Agriculture Green Belt, Lahore	2003-17	24699	536,273
5.	Chief (P&E) Cell Agriculture, Lahore	2014-17	24519	451,697
6.	PD Fruit & Vegetable	2014-17	24584	465,667
Total				6,846,573

Audit was of the view that weak management and financial internal controls resulted in misclassification of expenditure.

The matter was pointed out to concerned formations from February to November 2018. Most of the formations noted the observations for compliance while the remaining did not provide cogent replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

2.4.12 Irregular purchases of various items without immediate requirement-Rs. 57.40 million

According to Rule 15.2 (4) & (5) of PFR Vol-I, stores, in many cases, represent a locking up of capital which is not justifiable unless essential and purchase and retention of store in excess of the probable

requirement of the department in the near future may result in loss to Government through deterioration. Moreover, as per Rule 15.18 ibid also provides that balances of store should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.

During audit of Agriculture Department, it was observed that olive plants, store items, fertilizer and POL amounting to Rs. 57,398,685 were purchased without immediate requirement. The same were not utilized and lying in stores since long. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Items	Amount (Rs.)
1.	Director Vegetable,(RI) Faisalabad.	2011-18	30461	Consumable store articles	34,937,569
2.	Director Barani Agricultural Research Institute, Chakwal	2017-18	26429	Olive Plants	12,823,311
3.	Director Horticulture, Faisalabad.	2013-18	27991	Fertilizer	5,638,923
4.	Director Barani Agriculture, Research Institute, Chakwal	2017-18	26433	Consumable store articles	3,629,872
5.	A.D Agriculture, Jhang	2015-18	27042	POL	369,010
Total					57,398,685

Audit was of the view that weak internal controls on inventories resulted in procurement of stores without immediate requirement.

Audit pointed out the lapse during May & August to October 2018. The managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed to fix responsibility and internal controls on inventories be strengthened besides appropriate utilization of stores to avoid deterioration.

2.4.13 Irregular advance drawl without sanction of competent authority-Rs. 1.08 million

According to Rule 2.10 (a) (1) & (5) of PFR Vol-I, same vigilance should be exercised in respect of expenditure from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money. No money is withdrawn from the treasury unless it is required for immediate disbursement or has already, been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

During audit of Agriculture Department, it was observed that payments on account of utility bills and other contingencies amounting to Rs.1,083,064 were made in advance without obtaining the sanction of Finance Department & Chief Executive in contravention of above rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Approval required	Amount (Rs.)
1.	Deputy Director Agriculture Green Belt, Lahore	2003-17	24700	Finance Department	495,000
2.	Under Punjab Agricultural Research Board Project No.127	2009-14	24672	Chief Executive	321,620
3.	Rice Research Institute, Kala Shah Kaku	2016-18	29335	Finance Department	150,284
4.	Chief (P&E) Cell, Agriculture, Lahore	2014-17	24523	Finance Department	116,160
Total					1,083,064

Audit pointed out the irregularity from May to November 2018. The managements at Sr. No. 1 & 4 noted the observations for compliance. The formation at Sr. No. 2 & 3 stated that PD was authorized to withdraw advance drawl and reply would be submitted after consulting record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be got condoned with the sanction of the competent authority besides strengthening of supervisory and financial controls.

2.4.14 Irregular purchase without approval of austerity committee- Rs.17.05 million

According to government instructions issued by the Finance department vide letter No.FD.SO(Goods)44-4/2011 dated 11.09.2014, there was a complete ban on the purchase of new Vehicles, Furniture, IT Equipments and M&E etc from the current and development budgets. Under un-avoidable circumstances, said purchases shall only be made with the prior concurrence of the Austerity Committee, constituted for the purpose in 2014-15,15-16 &16-17and subsequent approval by the Chief Minister, Punjab.

During audit of Agriculture Department, it was observed that expenditure amounting Rs. 17,050,977 was incurred on the purchase of vehicles and other items of M&E/IT equipments without approval austerity committee. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Director Horticulture, Faisalabad	2013-18	27997	12,650,977
2.	DG Agriculture (Field) Punjab, Lahore.	2017-18	27190	4,400,000
Total				17,050,977

The lapse was pointed out during July and September 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned from the competent authority besides fixing responsibility.

2.4.15 Irregular expenditure on account of rent of office building- Rs.9.05 million

Sr. No. 3 of Part-I of the Second Schedule of the Punjab Delegation of Financial Powers Rules, 2006 (updated 2016) provides that hiring of buildings on rent would be subject to the conditions that (a) the accommodation is according to the scale approved by the Government, (b) the rent does not exceed the tax assessed by the Excise, Taxation and Narcotics Department for the purpose of Urban Immovable Property Tax. In case the rent exceeds as assessed by the Excise, Taxation and Narcotics Department, the Administrative Department shall give rent reasonability certificate and, (c) non-availability certificate by the C&W Department that there is no official building available for housing a particular office.

During audit of Agriculture Department, examination of record pertaining to rent of building revealed that an amount of Rs.9,054,096 was paid on account of rent of building. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Punjab Agriculture Research Board (PARB), LHR	2015-17	24574	8,416,096
2.	Director Agricultural Engineering, Lahore	2012-17	24556	638,000
Total				9,054,096

Following irregularities were noticed:

- The building was rented/hired without obtaining rent assessment certificate from Excise, Taxation and Narcotics Control Department.

- The accommodation was not according to the scale approved by the Government.
- The rent was not made on the basis of property tax.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

The matter was brought to the notice of formation in May 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor any DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to fix responsibility besides condonation of irregularity from the competent authority.

2.4.16 Irregular expenditure on repair of building-Rs. 42.31 million

Rule 2.10 (a)(1) of PFR Vol-I provides that 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.

During audit of Agriculture department, it was noticed that expenditure of Rs. 42,310,661 was incurred on the repair of building. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	DG Agriculture Research Institute, Faisalabad	2016-18	29290	27,707,000
2.	AD Agriculture, Jhang	2015-18	27038	11,680,261
3.	DG Soil Survey Punjab, Lahore	2015-17	24511	1,000,000
4.	Director Barani Agriculture Training Institute, Rawalpindi	2014-18	27222	1,000,000
5.	DG Soil Survey Punjab, Lahore	2017-18	26206	923,400
Total				42,310,661

Following irregularities were noticed:

- The satisfactory work completion certificates issued by the competent authority were not available on record.
- Technical sanction of repair work was not obtained.
- Rough cost estimates were neither prepared nor vetted by the building department.

Audit was of the view that non observance of rules resulted in irregular expenditure on repair of building.

The matter was pointed out to the concerned formations from March to November 2018. The formation at Sr. No. 1 stated that inspection/completion reports would be collected shortly. The formations at Sr. Nos. 2, 4 & 5 noted the observations whereas the formation at Sr. No. 3 stated that detailed reply would be submitted later.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the rules and the irregularity be got condoned from the competent authority.

2.4.17 Irregular expenditure on construction works on fake agreement-Rs.36.39 million

As per Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi for the financial year 2017-18, scrutiny of record pertaining to

project “Testing Indigenous Hydroponic Green Houses for Vegetable Growing at various Locations in Punjab” revealed that the authorities made agreement with civil contractor on 02.12.16 on the stamp paper issued on 26.10.2016 in favour of Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi whereas the tender was opened on 23.11.16. The issuance date of stamp paper before tendering process depicted that work was already awarded to the contractor and tendering process was adopted just to complete the paper work.

Audit was of the view that the lapse occurred due to weak administrative controls.

The matter was pointed out to concerned formation in August 2018. The department only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed at higher level to fix responsibility against those at fault.

(PDP No.27151-Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi-2017-18)

2.4.18 Unjustified incurrence of expenditure- Rs. 346,028

According to Rule 2.32 of PFR Vol-I, it is not sufficient that a government servant accounts should be correct to his own satisfaction. He has to satisfy not only himself but also the Accountant-General that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an amount is correct in all respects.

During audit of Punjab Institute of Agriculture Marketing, Lahore for the period 2013-18, it was observed that an amount of Rs.346,028 was incurred on POL and repair of transport on vehicle Nos. LEG-6924 and LEG-1130. Scrutiny of office order files revealed that the vehicles were transferred to the Secretary office vide office order No. SO(E-1/2017 dated 28.07.17 but the expenditure was incurred in this office irregularly. Furthermore, the pay slip of S.O Coordination was not produced to verify whether the conveyance allowance was deducted or not.

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

The matter was pointed out to concerned formation in October 2018. The department noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the government instructions and recover the amount of POL and repair from concerned.

(PDP No. 29087- Director Punjab Institute of agriculture marketing, Lahore-2013-18)

2.4.19 Irregular and un-economical repair of vehicles Rs.14.21 million

As per Para 20(2) of S&GAD Notification dated 9.10.1969, a history sheet of each vehicle shall be maintained separately and all the incidents in the life of a particular vehicle shall be entered therein.

During audit of following formations of Agriculture Department, it was observed that expenditure amounting to Rs.14,209,547 was incurred

on repair of vehicles. The expenditure was held irregular due to irregularities mentioned against each in the table below:

Sr. No	Name of formation	Period of audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	DG Agriculture (Extension & Adaptive) Punjab, Lahore	2017-18	27212	Speedo meter not sealed/average consumption certificate not attached with the bill	7,816,676
2	Director Agriculture (Adaptive Research), Lahore	2015-17	24568	History sheet/dead stock register not maintained etc.	2,028,431
3	DG Soil Survey Punjab, Lahore	2015-17	24503	Speedo meter not sealed/log books not maintained	3,951,627
	Director Barani Agriculture Training Institute, Rawalpindi.	2014-18	27223	Repair of burnt vehicle without fixing responsibility	515,916
4	Deputy Director Agriculture Green Belt, Lahore.	2003-17	24706	Technical inspection report/history sheet register and satisfactory repair completion report not shown	249,611
5	Asstt. Director Agriculture Pest warning, Lahore	2015-17	25530	Fitness Certificate/Entries on log books not shown	163,202
Total					14,725,463

Audit was of the view that disregard to government instructions resulted in irregular expenditure on repair of vehicle.

The irregularities were pointed out to concerned formations from May to November 2017. Most of the formations noted the observations for compliance while the remaining formations did not provide any cogent reply.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the para at Sr. No.2 kept pending for verification of record. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that irregularity be got condoned from the competent authority besides providing relevant history sheets for verification of the authenticity and genuineness of the claims.

2.4.20 Irregular appointment of resident auditor-Rs.1.44 million

According to Auditor General of Pakistan letter No.609/Esst-C/67-2003 dated 23.05.2017 and Section 8 (i) of the Auditor General of Pakistan Ordinance, 2001, no any other authority at a provincial level has been established under the constitution of Pakistan, 1973 who may look after the affairs of Government audit except Auditor General of Pakistan.

During audit of Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi for the financial year 2017-18, it was observed that the management engaged the services of resident auditor from Local Fund Audit instead of Department of AGP in contravention to above instructions. The appointment as well as payment of salary to the officer amounting to Rs.1,442,040 was, therefore, held irregular.

Audit was of the view that the lapse occurred due to weak internal controls on “Appointments”.

The matter was pointed out to the concerned formation in August 2018. The management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at administrative department level besides regularization of the expenditure from the competent authority.

(PDP No. 27167- Pir Mehr Ali Shah Arid Agriculture University Rawalpindi- 2017-18)

2.4.21 *Payment made without acquisition of store items-Rs. 18.96 million*

As per Rule 15.4 (a)(b) of PFR-Vol-I, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government servants should see that the quantities are correct and their quality good, and record a certificate to this effect. The receiving Government servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock registers. At the time of making payment it should be seen that the rates paid are not in excess of those entered in the contractor agreement made for the supply of stores and that suitable notes of payment are recorded against the indents and invoices concerned to prevent double payments.

During audit of Pir Mehr Ali Shah Arid Agriculture University Rawalpindi for the period 2017-18, it was observed that payment of Rs.18,956,823 was made to suppliers for purchase of stores items. The bills of plant and machinery so purchased showed that the said items were received and entered in stock register. However, upon physical verification by the audit team, it was revealed that the said items were not

physically available in the university campus. It was apprehended that procurement was fictitious/doubtful and payment was made only to exhaust the allocation of Punjab Government.

Audit was of the view that that the lapse occurred due to weak internal controls on “Inventories”.

The matter was pointed out to the concerned formation in August 2018. The management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to fix responsibility besides acquisition of purchased items.

(PDP No. 27155- Pir Mehr Ali Shah Arid Agriculture University Rawalpindi- 2017-18)

2.4.22 *Improper maintenance of stock register-Rs.225,646*

As per Rule 15.4 (a)(b) of PFR Vol-I, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government servants should see that the quantities are correct and their quality good, and record a certificate to this effect. The receiving Government servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock registers.

During audit of Assistant Director of Agriculture (PP) Pest Warning and Quality Control Pesticides, Lahore for the period 2015-17, it

was observed that expenditure of Rs.225,646 was incurred on purchase of stationery and other store items. Following discrepancies were observed:

1. Stock entries were made in simple registers rather than the relevant prescribed stock register.
2. The stock entries were not signed by the competent/designated authority for the purpose to verify the actual receipt of the items.
3. The requisition of the consumable items was neither made to the quarters concerned nor any authorization of the designated officer was available.

Audit was of the view that the lapse occurred due to weak internal controls over management of assets.

The matter was brought to the notice of concerned formation in February 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that stock registers be kept/updated on prescribed format in accordance with government instructions besides strengthening of internal controls over management of assets.

(PDP No. 25529- AD Agriculture PPW, Lahore- 2015-17)

2.4.23 Loss to university due to negligence-Rs 9.60 million

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his

part. Moreover, according to Section 17 (2) (a) of the Pir Mehr Ali Shah University of Arid Agriculture Rawalpindi Act 1995, the Treasurer shall manage the property, the finances and the investments of the University.

During audit of Pir Mehr Ali Shah Arid Agriculture University Rawalpindi, for the period 2017-18, it was observed from available record that according to agreement between land provider and university, 300 kanals of land valuing Rs.9600,000 (paid in 2007) was not in possession till the date of audit. It was negligence/failure of purchase committee and no necessary action had been taken despite lapse of 11 years for procuring possession of land.

Audit was of the view that the lapse occurred due to weak internal controls over management of assets.

The matter was pointed out to the concerned formation in August 2018. The management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at appropriate level besides getting mutation of land in favor of university.

(PDP No. 27159- Pir Mehr Ali Shah Arid Agriculture University Rawalpindi- 2017-18)

2.4.24 Irregular expenditure on POL-Rs. 5.41 million

As per sub Rule (3) of Rule (4) of Staff Car Rules 1980, a trained licensed driver shall be engaged for the staff car in accordance with the recruitment policy laid down in Rule 12(2) and garage accommodation shall be arranged. As per Govt. of the Punjab, S& GAD letter No. MTO

(S&GAD)AT-II/2-9/2006, dated 22.04.2008, one vehicle may be retained for three Section Officers/equivalent officers to cater for their requirement to attend various meetings outside the office from time to time. According to Finance Department letter No. FD (M.R) MW/1-4/92 dated 26.09.1992, PAC-I in its meeting held on 04.08.1992 directed that if the entries in the stock register are not present at the time of audit or if the record is not shown to audit, the entries made and record produced afterwards would not be accepted.

During audit of Agriculture Department, it was observed that expenditure amounting to Rs. 5,411,893 was incurred on POL for government vehicles.

The details are as under:

Sr. No	Name of formation	Period of audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1.	Director Rice Research Institute, Kala Shah Kaku	2016-18	29312	7 vehicle on Pool instead of one	2,095,827
2.	Director Rice Research Institute, Kala Shah Kaku	2016-18	29313	5 no of drivers while 9 no of vehicles	2,095,827
3.	Agriculture Chemist (SODIC), Soil & water Testing Lab. Lahore	2014-17	24548	Two vehicles on pool instead of one	800,000
4.	Director I.S.C & ES Kala Shah kaku	2011-18	27458	No approved tour programme	255,141
5.	Director General Soil Survey Punjab, Lahore	2015-17	24514	No entry in log books	165,098
Total					5,411,893

Following irregularities were noticed:

- Vehicles were retained for general pool in excess than working/sanctioned strength of the Section Officers/equivalent officer in contravention of above government instructions.

- POL entries were not made in log books.
- Vehicles were excess than sanctioned strength of drivers.
- Approved tour programmes not produced to Audit.

Audit was of the view that non-adherence to government instructions resulted in retention of vehicles in excess than working/sanctioned strength of the Section Officer.

When pointed out to the concerned formations from February to November 2018, some formations noted the observations for compliance while the remaining stated that detailed reply would be submitted after consultation of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to fix responsibility besides condonation of irregularity from the competent authority.

2.4.25 Irregular expenditure on imparting training-Rs. 1.06 million and doubtful disbursement- Rs.107,500

As per Para 6.2.9 of PC-I of the project “Testing Indigenous Hydroponic Greenhouses for Vegetable Growing at various Locations in Punjab” given under heading “Farmer Trainings”, training as an essential part of the project will be provided to the farmers that will be selected/involved for constructing the hydroponic greenhouses. The modus operandi for the proposed training of the farmers will be as under:

- Eight exclusive sessions for the training of the trainers will be scheduled to train 25 farmers in each session from sowing to maturity of crop.

- Duration of session/practical on hand training will be 15 days.
- No. of trainees per training will be 25.
- Housing will be provided by FMP (Farmers Market Pvt. Ltd.) at Rawat.
- Stipend @ Rs. 3,000 will be paid to each trainee.
- Refreshment per trainee @ Rs. 4,000 will be paid to each trainee.

During audit of Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi for the financial year 2017-18, scrutiny of record pertaining to project “Testing Indigenous Hydroponic Greenhouses for Vegetable Growing at various Locations in Punjab” revealed that the management made payment of Rs.1,060,000 for imparting training of Hydroponic Farming as a component of above said PC-I. Audit observed the following:

- 1 No proof was available on record that the selected trainees were farmers as required in the above said criteria whom would become master trainers in future.
- 2 Training was to be given to the farmers but no upper age/ lower age limits was given in the criteria while preparing PC-I.
- 3 How many applications were received along with attested copies of CNICs were not shown to Audit.
- 4 List of selected candidates duly signed by the designated committee was not shown to Audit.
- 5 Payment was required to be made @ Rs.7,000 (3,000+4,000) whereas the same was made @ Rs.6,000 to

the trainees. Afterwards Rs.1,000 was added for making acknowledgements for Rs.7,000. Hence, an amount of Rs.25,000 was embezzled as depicted in contingent bill passed vide cheque No. D365829 dated 13.12.17.

- 6 Same was done in case of payment made vide cheque No. Nil dated 16.11.17 @ Rs.3,700 resulting embezzlement of Rs.82,500.

Audit was of the view that non observance of provisions of PC-1 resulted in irregular expenditure.

When pointed out the matter to the concerned formation in August 2018, the management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed at appropriate level to fix responsibility against the responsible and embezzled amount be recovered from the concerned besides regularization of expenditure from the Finance Department.

(PDP No. 27145- Pir Mehr Ali Shah Arid Agriculture University Rawalpindi- 2017-18)

Internal Control Weakness

2.4.26 Loss due to un-economical operation of bulldozers-Rs. 44.28 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

Moreover, the main function of the Agricultural Engineer was to over see the physical/financial operations by bulldozers/tractors, drilling of tube wells, running/maintenance of workshops, training centers, research work and other agricultural engineering activities in the region and also to supervise the implementation of the schemes concerning agriculture, development by machinery, installing of tube wells, training of technicians etc.

During audit of Agriculture Engineer, Faisalabad for the period 2014-18, review of monthly progress reports and monthly monitoring proforma maintained/cost analysis sheet revealed that the department sustained operational loss of Rs. 44,280,660 due to un-economical running of bulldozers during the period under audit. The details are as under:

Year	Hours Target	Hours Achieved	Income Achieved	Expenditure on bulldozers	Amount of Loss (Rs.)
<i>Komatsu D50 A-17, Caterpillar D4-H</i>					
2014-15	23760	19544	9,527,939	20,415,515	10,887,576
2015-16	23760	20012	9,173,985	20,239,984	11,065,999
2016-17	18480	17419	8,047,166	18,704,251	10,657,085
2017-18	24400	24793	11,00,000	23,310,000	11,670,000
Total			26,749,101	82,669,750	44,280,660

It is evident from the above that not even a single bulldozer earned profit during the year. Operating expenses of all bulldozers were higher than income earned during the year.

Audit pointed out the lapse in October 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed at higher level to find out reasons of such heavy losses incurred due to operation of bulldozers besides making losses good from the responsible.

(PDP No. 27966- Assistant Agriculture Engineer, Faisalabad- 2015-18)

2.4.27 *Non-adjustment of outstanding temporary advances-Rs.7.53 million*

According to Section 17 (2) (a) of the Pir Mehr Ali Shah University of Arid Agriculture Rawalpindi Act, 1995. The Treasurer shall manage the property, the finances and the investments of the University. Moreover, Rule 4.1 of PFR volume-I provides that the departmental controlling officers should accordingly see that all sums due to government are regularly received and checked against demands, and that they are paid into the treasury.

During audit of Pir Mehr Ali Shah Arid Agriculture University Rawalpindi for the period 2017-18, it was observed that an amount of Rs. 7,533,964 was not recovered from the persons whom advances were granted.

Audit was of the view that weak internal controls over advances resulted in non-adjustment thereof.

The matter was pointed out to concerned formation in November 2018. The management only acknowledged the observation and did not provide cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that advances be adjusted at the earliest besides strengthening of internal controls over advances.

(PDP No. 27161- Pir Mehr Ali Shah Arid Agriculture University Rawalpindi- 2017-18)

2.4.28 Non-investment of funds-Rs. 516.82 million

According to Para 6(2)(C) of the Market Committees Provincial Fund Board Rules 1980, the Board shall make investment of Market Committees Provincial Fund for profitable purposes.

Examination of record of Director Market Committees Provincial Fund Board, Lahore for the period 2014-17 revealed that huge amount of Rs. 516,824,885 was lying idle in State Bank of Pakistan and no interest was earned on the amount kept in bank account. As per aforesaid provision, the same should be invested in the profitable schemes but no such initiative was taken by the management to fetch profit/revenue. This resulted into loss to Board due to non-investment of above mentioned amounts.

Audit was of the view that non adherence to rules resulted in non-investment of funds in profitable schemes.

Audit pointed out the lapse in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to fix responsibility for non-adherence to rules and surplus funds be invested in profitable schemes to avoid further loss.

(PDP No. 24937 & 24944- Director Market Committee Provincial Fund-Lahore 2014-17)

2.4.29 Un-justified expenditure out of assignment account-Rs. 2.36 million

The Government of the Punjab, Finance Department vide letter No.FD(L)4-359/2008 dated 07.05.2009 accorded sanction for opening of Assignment Account in favour of PARB for the scheme titled “Funding of High Priority Research through Competitive Grant System”. Moreover, as per Para 3(a) of Finance Department letter No.PS/F8/808/78 dated 26.02.1978, funds allocated to a department, its attached department or subordinate offices are spent for the purpose for which they are allocated.

During audit of Punjab Agriculture Research Board, Lahore for the period 2015-17, it was observed that payments amounting to Rs.2,360,355 on account of TA/DA to officers/officials and repair of transport etc. were paid out of C.G.S/Assignment Account instead of SDA of PARB which was not authorized by the Government. Routine expenditure out of assignment account not only neglected the agricultural research work but also stagnated its growth. Therefore, the expenditure was held irregular/un-justified.

Audit was of the view that the non observance of government instructions resulted into unjustified payments of Rs. 2,360,355.

Audit pointed out the lapse in May 2018. The management stated that funds were required for monitoring and evaluation of research projects but the same were limited in SDA.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed to fix responsibility besides regularization of the expenditure from the competent authority.

(PDP No. 24570- Punjab Agriculture Research Board- 2015-17)

2.4.30 Non/less accountal of seed/agriculture produce in crop register and non disposal of agriculture produce-Rs. 7.69 million

As per rule 15.3 of P.F.R Vol-I, competent authority may sanction the sale and disposal of store regarded as surplus obsolete or un-serviceable or order to write off the losses of store. Further as para 15.18 ibid, balances of stores must not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit. In order to ensure the observance of this rule, a periodical inspection must be made by a responsible Government servant, who must submit a report of surplus, un-serviceable and obsolete stores to the authority competent to issue orders for their disposal.

During audit of Agriculture Department, it was observed that the following entities had neither shown the output of seeds/agriculture produce in crop register nor disposed off the agriculture produce. Moreover, the yield of seed production was shown less. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of observation	Amount (Rs.)
1	Deputy Director Agriculture Green Belt, Lahore	2003-17	24698	Non accountal of seed output	1,338,750
2	Deputy Director Agriculture Green Belt, Lahore	2003-17	24705	Non disposal of seed	262,500
3	Director Regional Agricultural Research Institute, Bahawalpur	2005-18	29905	Low yield of seed production	476,810
4	Director Regional Agricultural Research Institute, Bahawalpur	2005-18	29908	Non disposal of agriculture produce	2,668,690
5	Director, Rice Research Institute, Kala Shah Kaku	2016-18	29316	Non accountal of agriculture produce	1,604,429

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of observation	Amount (Rs.)
6	Director, Rice Research Institute, Kala Shah Kaku	2016-18	29319	Less accountal of agriculture produce	524,715
7	Director, Rice Research Institute, Kala Shah Kaku	2016-18	29326	Non disposal of Wheat stock	0
8	Director Barani Agriculture Research Institute, Chakwal	2017-18	26436	Loss of Wheat Production	811,200
9	Director, Rice Research Institute Kala Shah Kaku	2016-18	29327	Non accountal of agri. produce	0
Total					7,687,094

Audit was of the view that the lapse occurred due to weak supervisory and internal controls over inventories.

Audit pointed out the lapse from May to November 2018. Some managements noted the observations for compliance while the remaining stated the detailed reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed to fix responsibility for non/less accountal of agriculture produce/seeds and non disposal of excess quantity of agriculture produce besides strengthening of internal controls over inventories.

2.4.31 Fake drawl of Rs.145,080

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Punjab Agricultural Research Board, Lahore, scrutiny of record pertaining to Project No. 127 revealed that a sum of Rs.145,080 was drawn vide Cheque No.114822735 dated 21.05.2015 and No.11482073 dated 29.05.2015 and shown incurred expenditure on account of DPL charges on account of sowing and plantation of cotton plants in PP bags. Daily Paid Labour (DPL) claim on account of watering, sowing and weeding charges were held irregular as no PP bags were purchased during the entire period. It appeared that DPL charges on account of filling, sowing watering and weeding were drawn fake and needs to be recovered.

Audit pointed out the lapse in May 2018. The management replied that PP bags were purchased from non-development funds.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be probed to fix the responsibility besides strengthening of internal controls.

(PDP No. 24677- Project No 127, Under PARB-Lahore 2009-14)

2.4.32 Loss due to less deposit of government receipts-Rs. 98,503

As per Rule 2.33 of PFR Vol-I, every government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Agricultural Chemist (SODIC), Soil & Water Testing Lab. Research, Lahore for the period 2014-17, it was observed that an amount of Rs. 2,160,270 was received on account of various kinds of fee but as per challan record, an amount of Rs. 2,061,767 was deposited

into government treasury. Resultantly, an amount of Rs. 98,503 was less deposited into government treasury.

Audit was of the view that weak supervisory and financial controls led to less deposit of receipt.

Audit pointed out the lapse in May 2018. The management stated that detailed reply would be submitted after scrutiny of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that necessary steps be taken to recover the amount besides strengthening of financial controls.

(PDP No.24551-Agriculture Chemist (SODIC), Lahore-2014-17)

Performance

2.4.33 Decrease in income as compared to last year-Rs. 8.94 million

Agriculture Horticulture Research is responsible to disseminate latest production technology to the farmers through Research, development and adoption of modern production technology by using International best Agricultural practices. The government allotted targets annually for income generation.

During audit of Director Horticulture, Faisalabad for the period 2013-18, it was observed that some agriculture farms under control of Director Office wing reported that less income was generated as compared to the income reported during last year. As the Director Horticulture Research was responsible to disseminate latest production technology

through Research, development and adoption of modern production technology by using international best Horticulture practices, a considerable decline in income amounting to Rs. 8,937,480 during 2016-18 as compared to 2015-16 was not tenable.

Audit pointed out the lapse in September 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at appropriate level to fix responsibility besides strengthening of supervisory, financial and internal controls.

(PDP No. 27994- Director Horticulture, Faisalabad- 2013-18)

2.4.34 Loss due to non-achievement of income targets-Rs. 8.12 million

According to Rule 15.10(4) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenues and other debts due to Government which have to be brought to account are correctly and promptly accessed, realized and credited to the government account.

During audit of following formations of Agricultural Department, it was observed that government fixed revenue targets for each financial year. The management failed to achieve the set targets and less income was generated which caused loss to government. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Agriculture Engineer, Faisalabad	2014-18	27967	5,054,000
2	DG Agriculture (Field) Punjab, Lahore	2017-18	27201	351,089

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
3	Director Entomological Research Institute, FSD	2016-18	28999	1,391,596
4	Director Horticulture, Faisalabad	2013-18	27,990	1,320,942
5	Cotton Botanist Research Institute, R.Y. Khan	2004-18	26201	
Total				8,117,627

Audit pointed out the irregularity from March to November 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at appropriate level to fix responsibility for non-achievement of targets.

2.4.35 Loss due to non-utilization of agriculture land- Rs. 2.28 million

As per Rule 2.33 of PFR Vol-I, every government servant will be held personally responsible for loss sustained by government through negligence or fraud on his part.

During audit of Deputy Director Agriculture, Green Belt, Lahore for the period 2003-17, it was observed that department did not fully utilize the agriculture land. The land area measuring 113 Acre 6 Kanal was not cultivated during the financial year despite availability of good seed, fertilizer, sufficient water, labour and qualified management. Resultantly, the government deprived of the revenue amounting to Rs.2,275,937 approximately.

Audit was of the view that weak internal controls on “Management of Assets” resulted in non cultivation of land.

Audit pointed out the lapse in May 2018. The management acknowledged the observation but did not offer comments.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the para kept pending for condonation of irregularity. Further progress was not reported by the department till the finalization of this report.

Audit recommends that the department should take effective measures to put the land into use besides strengthening of internal controls over management of assets.

(PDP No. 24694- DD Agriculture Green Belt, Lahore-2003-17)

2.4.36 Un justified expenditure-Rs.1,832.14 million

As per Rule 2.10(a)(1) of PFR-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 the expenditure of his own money.

Scrutiny of record of Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi for the financial year 2017-18 revealed that government had spent an amount of Rs.1,832,142,856 for imparting education to students. Total number of 12,189 students were enrolled but only 3,613 got through their examination. The average expenditure per student per year came to Rs.507,097 which was very high and un-justified. It showed that the standard of education provided to the students by the highly qualified teaching staff appointed by the University was very poor. A birds eye view of students enrolled, appeared, passed alongwith expenditure incurred on them is as under:

Sr. No.	Enrolment	Send up	Passed	Expenditure incurred	Average expenditure per student per year
1.	12189	3804	3613	1,832,142,856	507,097

In response to the preliminary observation issued in August 2018, the management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should improve its performance to bring better results.

(PDP No. 27146-Pir Mehr Shah Arid Agriculture University, Rawalpindi- 2017-18)

2.4.37 Non establishment of High Tech Mechanization center-Rs. 17.96 million

As per PC-1 of the development scheme “Establishment of Hi-Tech Mechanization Services Centers (HMSCs)” the aim of the project was to establish the high tech mechanization centers in each district of Punjab with collaboration of private sector on cost sharing basis @ 50:50 or the interest amount on loan taken by the service provider may be paid by the government. The overall goal of the project was to enhance crop productivity through introduction, promotion and provision of economical and efficient farm mechanization services by establishing high tech mechanization centers under private sector at district level. As per implementation phase of the project, eighteen (18) numbers of High Tech Mechanization Centers were required to be completed up till June 2018 so, that facility could be provided to farmers.

During audit of Director General Agriculture (Field) Punjab for the financial year 2017-18,scrutiny of record pertaining to “Establishment of Hi-Tech Mechanization Services Centers (HMSCs)” revealed that

expenditure to the extent stated above was incurred under the said scheme during the period under audit. According to timelines of the project eighteen High Tech Mechanization Centers were required to be completed up till June 2018 so that farmers could avail the facility of high tech machinery from these centers on rental basis to increase their agriculture yield. It was noticed that the department did not observe timelines of the project and even a single High Tech Mechanization Center was neither completed nor made operational to facilitate the farmers up till close of Audit. District wise detail and status of High Tech Mechanization Centers is as under:

Sr. No.	District	Company/Firm Name	Present status/ Remarks	Audit Remarks
1.	Faisalabad	Fatima Fertilizer Company Ltd	1. Contract agreement signed on 02.04.2018 2. Quotations and brochures not yet approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
2.	Muzaffargarh	Fatima Fertilizer Company Ltd	1. Contract agreement signed on 02.04.2018 2. Quotations and brochures not yet approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
3.	Sargodha	Fatima Fertilizer Company Ltd	1. Contract agreement signed on 02.04.2018 2. Quotations and brochures not yet approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
4.	Gujranwala	Fatima Fertilizer Company Ltd	1. Contract agreement signed on 02.04.2018 2. Quotations and brochures not yet approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
		Engro Fertilizers	1. Contract agreement signed on 15.03.2018 2. Quotations and brochures have been approved.	Neither High Tech Mechanization Center was established nor machinery was purchased in

Sr. No.	District	Company/Firm Name	Present status/ Remarks	Audit Remarks
			3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	contravention to PC-1.
5.	Okara	Fatima Fertilizer Company Ltd	1. Contract agreement signed on 02.04.2018 2. Quotations and brochures not yet approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
6.	Multan	Fatima Fertilizer Company Ltd	1. Contract agreement signed on 02.04.2018 2. Quotations and brochures not yet approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
		Kanzo AG, Multan	1. Contract agreement signed on 11.05.2018 2. Quotations and brochures has been approved. 3. Kazno AG, could not get the NOC from Ministry of Defense therefore, not able to open centres. Their written consent has also been received.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
7.	Bahawalpur	Quality Chemical Industries (Pvt.) Ltd.	1. Contract agreement signed on 20.03.2018 2. Quotations and brochures have been approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
8.	Lodhran	Quality Chemical Industries (Pvt.) Ltd.	1. Contract agreement signed on 20.03.2018 2. Quotations and brochures have been approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
9.	Kasur	Engro Fertilizers	1. Contract agreement signed on 15.03.2018 2. Quotations and brochures have been approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
		Ravi Automobiles	1. Contract agreement signed on 02.03.2018 2. Quotations and brochures have been approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.

Sr. No.	District	Company/Firm Name	Present status/ Remarks	Audit Remarks
10.	Sheikhupura	Aliz International (AOP)	1. Contract agreement signed on 02.03.2018 2. Quotations and brochures have been approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
		National Rural Support Program	1. Contract agreement signed on 29.03.2018 2. Quotations and brochures have been approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
11.	Rahim Yar Khan	National Rural Support Program	1. Contract agreement signed on 29.03.2018 2. Quotations and brochures have been approved. 3. Notice sent to firm for opening of L/Cs by 27 th July, 2018.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
12.	Vehari	Kanzo AG, Multan	1. Contract agreement signed on 11.05.2018 2. Quotations and brochures has been approved. 3. Kazno AG, could not get the NOC from Ministry of Defense therefore, not able to open centres. Their written consent has also been received.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
13.	Sahiwal	Kanzo AG, Multan	1. Contract agreement signed on 11.05.2018 2. Quotations and brochures has been approved. 3. Kazno AG, could not get the NOC from Ministry of Defense therefore, not able to open centres. Their written consent has also been received.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.
14.	Khanewal	Kanzo AG, Multan	1. Contract agreement signed on 11.05.2018 2. Quotations and brochures has been approved. 3. Kazno AG, could not get the NOC from Ministry of Defense therefore, not able to open centres. Their written consent has also been received.	Neither High Tech Mechanization Center was established nor machinery was purchased in contravention to PC-1.

Sr. No.	District	Company/Firm Name	Present status/ Remarks	Audit Remarks
15.	Chakwal		Vacant	No progress made up till close of Audit.
16.	D.G Khan		-do-	-do-
17.	Jhang		-do-	-do-
18.	Bahawalnagar		-do-	-do-

Audit was of the view that non observance of provisions of PC-I resulted in non establishment/operation of Hi-Tech Mechanization Services Centers.

When pointed out the matter in July 2018, the management stated that the matters were under process.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at administrative level, responsibility be fixed for non establishment of Hi-Tech Mechanization Services Centers besides strengthening of supervisory and internal controls.

(PDP No 27185-DG Agriculture (Field) Punjab, Lahore- 2017-18)

2.4.38 Irregular expenditure due to non preparation/approval of Annual Budget estimates, receipt estimates, monthly expenditure and income statements-Rs.123.95 million

The Punjab agriculture produce markets (Market Committees Provincial Fund) Rules, 1980 vide Para No. 7(8) states that the chairman shall be drawing and disbursement officer of the fund. Moreover, according to Para No. 6(4) ibid, the market committee shall furnish to the Board the budget estimates and the annual financial account as may be prescribed. Furthermore, as per DDO hand book, it is responsibility of the

DDO to prepare estimates of budget and receipts annually besides prepare annual and monthly expenditure and income statements.

During audit of Director Market Committees Provincial Fund Board Lahore for the period 2014-17, it was observed that

- i) The Market Committees did not furnish to the Board the budget estimates and the annual financial account in violation of above rules.
- ii) Annual estimates of receipts and budget were neither prepared nor got approved by the DDO from the Board during 2014-17 on the prescribed format envisaged in budget manual.
- iii) Annual/monthly expenditure and income statements were not prepared by the DDO on the prescribed format as envisaged in budget manual.
- iv) Expenditure of Rs.123,953,032 (as per detailed voucher list provided) was incurred by the DDO during 2014-17 without approved budget from the Board.
- v) As per minutes of 71st meeting of the Board held on 15-03-2016 vide decision on agenda of budget para 4, it was directed that the object code must be allocated to each head of the budget but it was observed that no such instruction of the Board was being observed in order to watch the flow of expenditure under various object codes.
- vi) Neither budget control register/contingent register was being maintained nor any appropriations were observed by the DDO while passing/sanctioning the bills as required under budget manual, PFR and DDO hand book.

Audit was of the view that weak internal controls on “Budget” resulted in mismanagement under various heads/appropriations.

In response to the preliminary observation issued in May 2018, the management replied that the approval would be sought from the Board. The reply was not tenable as the expenditure had been incurred without approved budget.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to rules besides strengthening of supervisory and internal controls and necessary compliance be made and got verified from audit.

(PDP No 24940- Director Market Committees Provincial Fund Board Lahore-2014-17)

2.4.39 *Un-Justified drawl of operating expenses by Citrus Research Centre Sargodha, BARI Chakwal and HRI Faisalabad-Rs.1.65 million*

The main objective of the project “Fruit and Vegetable Development Project (FVDP)” was to enhance the year around supply of essential vegetables on sustainable and affordable prices throughout the Punjab province by promoting vegetable cultivation, reduction in post-harvest losses and value addition, with all means i.e. open field vegetable, tunnel technology, promotion of kitchen gardening, training of farmers regarding pre and post harvesting techniques and value addition practices to make the province self-sufficient in vegetables.

Examination of record of different components of FVDP for the year 2014-17 revealed that after the completion of project, the development budget had been converted into non-development budget

w.e.f July 2014. The expenditure of operating expenses Rs. 1,651,260 was held un-justified due to following reasons:

1. No staff was recruited for the operational activity regarding Streamlining of vegetable seed production.
2. No reports were shown regarding vegetable productivity enhancement through better seeds and Good Agricultural Practices.
3. No reports were available in which any area identified for production through Open Field, Tunnels & Kitchen Gardening.
4. No effort was shown made for reduction in post-harvest losses.
5. Due to non-availability of staff, strengthening of horticultural extension activities by targeting vegetables at village level not made accordingly.
6. No farmers were enlisted for training regarding pre and post harvesting techniques.
7. No land was identified to develop open field vegetables.

Object Code	Functional units	DDO Cost Centre	Year	Budget (Rs.)	Expenditure (Rs.)
A012-1	Regular Pay & Allowances	CRI Sargodha SG 4340	June-2015	765,000	0
A03	Operating Expenses	CRI Sargodha SG 4340	June-2015	280,000	276,677
A012-1	Regular Pay & Allowances	CRI Sargodha SG 4340	June-2016	108680 0	0
A03	Operating Expenses	CRI Sargodha SG 4340	June-2016	236,000	234,112
A012-1	Regular Pay & Allowances	CRI Sargodha SG 4340	June-2017	903,000	437,333
A03	Operating Expenses	CRI Sargodha SG 4340	June-2017	237,000	212592
A012-1	Regular Pay & Allowances	BARI Chakwal CH 4248	June-2015	390,000	0
A03	Operating Expenses	BARI Chakwal CH 4248	June-2015	670,000	228,830
A012-1	Regular Pay & Allowances	HRI Faisalabad FD 4974	June-2015	392,000	0
A03	Operating Expenses	HRI Faisalabad FD 4974	June-2015	280,000	261,716
Total					1,651,260

When pointed out the matter in May 2018, the management noted the observation for compliance.

Audit recommends that the matter be inquired to fix responsibility besides condonation of irregularity from the competent authority.

(PDP No 24579- PD FVDP, Lahore-2014-17)

Recoveries and overpayments

2.4.40 Non deduction of taxes from the contractors-Rs.19.55 million

According to Income Tax Ordinance 2001, Punjab Sales Tax on Services Act 2012 and Sales Tax Act 1990, the department was required to withhold taxes at prescribed rates at the time of payment and agreement. Further as per section 22(a)(b) of Schedule of Stamp Act , Stamp duty was levied on procurement of store.

During audit of Agriculture Department, it was observed that taxes to the tune of Rs. 19,544,572 (Annexure-6) were not deducted from the payments made to various contractors.

Audit was of the view that weak internal controls over recovery of taxes resulted in non/less deduction of taxes.

The matter was pointed out to concerned formations from February to November 2018. The formations at Sr. Nos. 1 to 3, 13, 14, 21 & 22 received the observations without offering replies. The formations at Sr. Nos. 4, 17 & 18 replied that concerned firms would be approached to deposit the stamp duty/taxes. The formation at Sr. No. 20 replied that honorarium was the part of other allowances and no income tax was required to be deducted. The formation at Sr. Nos. 5 to 12, 15, 16, 19 & 23 to 27 noted the observations for compliance. The replies being evasive and not supported with documentary evidences were not acceptable.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the para at Sr. No.14 kept pending for advice from Punjab Revenue Authority regarding reduction of PST on gross amount of bill or otherwise. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends recovery of less/non deducted amounts and a probe in the matter for fixing of responsibility on the concerned personnel.

2.4.41 Non recovery of outstanding dues-Rs. 2,892.26 million

As per Government of the Punjab, Finance Department letter No. SO(PW-II)XV(24)/76 dated 27.09.1980, a government servant occupying a house illegally will be charged penal rent @ 60% of his salary. Furthermore, as per Rule 4.1 of PFR Vol-I, the departmental controlling officers should see that all sums due to government are regularly received and checked against demands, and that they are paid into the Treasury.

During audit of Agriculture Department, it was observed that various types of recoveries amounting to Rs. 2,892,255,100 (Annexure-7) were outstanding against employees, residents of official residences/hostels, departments, affiliated institutes, market committees and contractors.

Audit was of the view that due to weak internal controls on receipts/recoveries, the institutions/government deprived of revenue.

The matter was pointed out to concerned formations from February to November 2018. The formations at Sr. Nos.1, 15, 17, 23, 30 & 34 replied that efforts were being made to realize the outstanding amount. The formations at Sr. Nos. 2 replied that matter was subjudice before

court. The formations at Sr. No. 3, 5, 10, 22 & 31 to 33 received the observation without offering any reply. The formations at Sr. No. 6 replied that pension of employees was paid by office of Accountant General Punjab and Para was not related to Directorate General Soil Survey of Punjab. The formations at Sr. No. 7 replied that electricity bills were served to residents according to applied tariff during 2001 as pointed out by Audit but the residents filed case in the court wherein court restrained the institute from charging on commercial rates. Further Para was discussed in PAC in its meeting held on 01.06.2011 and decided that matter be referred to Inter Provincial Co-ordination Committee for further necessary action and individual domestic meters should be installed. The Committee further directed/recommended that the department should go to High Court for seeking direction to DISCOs and cases against employees should be withdrawn and domestic rate should be applied on the consumers. The formations at Sr. Nos. 8, 9, 12, 13, 18, 19, 21, 25, 27 & 28 noted the observations for compliance. The formations at Sr. Nos. 11,14 & 24 replied that XEN, Provincial Building had assessed the rent of a room of Bachelor Hostel. The formations at Sr. 16 stated that reply would be given after proper calculation. The formations at Sr. No. 20 replied that case had been submitted to Building Department to estimate rent per room alongwith utilities charges. The formations at Sr. No. 26 replied that excess claim was not drawn. The formations at Sr. No. 29 replied that as per clause 3.5 of the agreement, the project management/team leader shall be personally liable to refund any unspent amount. The replies being evasive and not supported with documentary evidence were not acceptable.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the para at Sr. No.12 kept pending for recovery. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened

meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that stated amount be recovered from the concerned besides fixing of responsibility and internal controls on receipts/recoveries be strengthened.

2.4.42 Irregular payment of pay & allowance -Rs. 40.43 million

Finance Department had clarified vide letter No. U.O.FD.SR-1/9-52/2013 dated 28.12.2016 that Ph.D/M.Phil allowance is not admissible to the employees who have been appointed on the basis of Ph.D/M.Phil qualification. Further, as pre clarification of Finance Department vide letter No.FD.SRT.9-4/86(P)(PR) dated 21.04.2014, the officers availing government vehicles including bikes (sanctioned/pool) are not entitled to draw conveyance allowance. Moreover, as per Finance Department letter No. FD (M-I) 1-15/82-P-I, dated 15.01.2000, the drawl of house rent allowance is not permissible to the officers/officials to whom government residences have been provided. In addition, 5% maintenance charges are required to be deducted.

During audit of Agriculture Department, it was observed that the pay & allowances amounting to Rs. 40,432,844 (Annexure-8) were paid in violation of the above rules.

Audit was of the view that weak internal controls on recoveries resulted in non recovery of amounts from officers/officials.

The matter was pointed out to concerned formations from February, May and July to October 2018. The formations at Sr. Nos. 1, 6, 8, 9, 18, 19 & 25 received the observations without offering any reply. The formations at Sr. Nos. 2 to 5, 7, 11, 12, 17 & 20 to 23 noted the observations for compliance. The formation at Sr. Nos. 10, 14, 15 & 24 stated that detailed reply would be submitted after checking of record. The

formations at Sr. Nos. 13 & 16 replied that amount was drawn as per PC-I of the project/out of allocated funds. The replies being evasive and not supported with documentary evidence were not acceptable.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the paras at Sr. Nos.4 & 6 kept pending for advice from Finance Department. The para at Sr. No. 25 was kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that stated amount be recovered from the concerned besides strengthening of internal controls on recoveries.

Others

2.4.43 Non- Submission of contract documents to NAB-Rs.962 million

According to Section 33B of NAB Ordinance 1999 (Reporting of public contracts), all Ministries, Divisions and Attached Departments of the Federal Government, all departments of Provincial and local governments, statutory corporations or authorities established by the Federal Government or Provincial Government and holders of public office shall furnish to NAB a copy of any contract, entered into by such Ministries, Divisions and Attached Departments of the Federal Government, all departments of Provincial Government or local government, statutory corporations or authorities established by the Federal Government or Provincial Government or such holder of public office on its behalf, as the case may be, of the minimum monetary value of fifty million rupees or more, within such time as is reasonably practicable from the date of signing such contract.

During audit of Pir Mehr Ali Shah Arid Agriculture University Rawalpindi for the period 2017-18, it was observed that contracts/tenders valuing more than fifty million were made during 2017-18 but the same were not reported to NAB.

Audit was of the view that the lapse occurred due to weak administrative controls.

The matter was pointed out to the concerned formation in August 2018. The management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to fix responsibility against the responsible besides sending copy of such contracts to NAB as required under the law.

(PDP No. 27148- Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi- 2017-18)

2.4.44 Irregular expenditure on account of gifts-Rs.9.83 million

Rule 2.10 (a) (3) of PFR Vol-I states that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage. Further article 21 of the Punjab agriculture market produced ordinance 1978, under para 21 about purpose for which the fund may be expended does not clear about the delivering the gifts to dignitaries. Moreover para 21 (xxiv) any other purpose that may be declared by notification by the government for improvement of agriculture and agriculture marketing, which is calculated to promote the general interest of the farmer.

During audit of Market Committees Provincial Fund Board Lahore for the period 2014-17, it was observed that gifts of mangoes and kinows valuing Rs.9,825,016 were sent to different dignitaries from the market committees provincial funds in contravention to the above rules. The expenditure was required to be made under discretionary grant of the CM secretariat. If office of Director Market Committees Provincial Fund Board Lahore wants to promote and market its product as provided in Rule 6(2)(f), the better way for marketing of agriculture produce was to arrange an exhibition of different crops cotton, rice and other agriculture produce for general public rather than only sending gifts of mangoes and kinows every year to same dignitaries.

Audit was of the view that weak internal controls on “Expenditure” resulted in mismanagement in utilization of budget.

In response to the preliminary observation issued in May 2018, the management replied that the expenditure was incurred after approval of the Chief Minister. The reply was not tenable as expenditure was incurred against Para 21 (XXIV) of Market Committees Provincial Fund Board.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the expenditure be got regularized with the sanction of the competent authority.

(PDP No. 24942- Director Market Committee Provincial Fund, Lahore- 2014-17)

2.4.45 Irregular drawl of salary and non-recovery of mandatory deductions-Rs. 18.16 million

The Punjab Agriculture Produce Markets (Market Committees Provincial Fund) Rules, 1980 vide Para No. 4 states that the Board may,

subject to such general or special order as government may give from time to time, appoint, such persons, advisor and servants whole time or ex – officio, or engage such persons on contract bases, as it deems necessary for the efficient performance of its function on such term and conditions as it deems fit. Further it is require that mandatory deductions on account of GP fund, Group insurance and benevolent fund be made as required by Punjab Government under the Benevolent Fund Act.

During audit of Market Committees Provincial Fund Board Lahore for the period 2014-17, it was observed that fifteen employees were serving under the government of the Punjab (marketing wing) and drawing salary from the Punjab Agriculture Produce Markets (Market Committees Provincial Fund). Out of fifteen employees, the services of thirteen employees were regularized in contravention of the above provision of rules under ordinance. Drawl of salary against thirteen employees during 2014-2017 amounting to Rs.18,159,904 was held irregular. Further, mandatory deductions on account of GP fund, Group Insurance and Benevolent Fund were not made since the date of regularization as required under the Benevolent Fund Act.

Audit was of the view that weak internal controls on “Pay and Allowances” resulted in irregular salary and non deduction of G.P Fund/Benevolent Fund.

The matter was pointed out to the concerned formation in May 2018. The management replied that advice would be sought from the quarter concerned.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be got regularized from the competent authority besides recovery of mandatory deductions.

(PDP No. 24943- Director Market Committee Provincial Fund, Lahore- 2014-17)

2.4.46 Irregular drawl of TA/DA on foreign trips-Rs.678,300

Article No. 5-8 of the contract agreement provides that all project related foreign trips will have to be approved by the Chief Executive of Punjab Agricultural Research Board before commencement.

During audit of Project No.127 under Punjab Agriculture Research Board Lahore for the period 2009-14, it was observed that a sum of Rs.678,380 was drawn on account of foreign trips while approval/permission was not obtained from the Chief Executive in violation of above provision of the contract. Followings points were also observed:

- i. NOC from the parent department was not found attached with the claim.
- ii. Purpose of trip was not mentioned.
- iii. Progress report of research work activity not found attached.
- iv. Copy of sanctioned leave from the parent department for foreign trips was also not found enclosed with bill.

Audit was of the view that non observance of provisions of the contract resulted in irregular drawl of TA/DA on foreign tours.

The matter was pointed out to the concerned formation in May 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned from the competent authority.

(PDP No. 24671-Project No 127, under PARB Lahore- 2009-14)

2.4.47 Irregular appointment on non-statutory posts-Rs.28.27 million

As per “the University of Arid Agriculture, Rawalpindi Employees (Scale 1 to 16) (Appointment and Conditions of Service) Statues 2005” and “the University of Arid Agriculture Rawalpindi, Employees in scale 17 and above (Appointment and Conditions of Service) Statues 2005” duly recommended by the Syndicate and approved by the Chancellor, all the posts are given therein.

During audit of Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi for the period 2017-18, it was observed that an amount of Rs.28,269,936 was paid to the staff appointed against non-statutory posts which were not approved by the Chancellor. Audit observed that recruitments were made on non-statutory posts without having approval from the competent authority i.e., Chancellor.

Audit was of the view that non adherence to the statutes of the university resulted in irregular appointments on non-statutory posts.

The matter was pointed out the concerned formation in August 2018. The department only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that necessary approval be sought from the quarter concerned besides condonation of irregularity from the competent authority.

(PDP No. 27152- Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi- 2017-18)

2.4.48 Irregular payment of low power factor penalty-Rs. 1.47 million

As per Rule 2.33 of PFR-Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through negligence on his part.

During audit of Agriculture Department, it was observed that an amount of Rs.1,470,360 was paid by following formations as low power factor penalty which caused loss to government exchequer. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director General Ayub Agricultural Research Institute, Faisalabad	2016-18	29289	1,259,323
2.	Director Floriculture, (Training & Research) Punjab, Lahore	2016-17	24904	211,037
Total				1,470,360

Audit was of the view that weak supervisory and financial controls resulted in irregular payment of low power factor penalty on electricity bills.

The matter was pointed out to the concerned formation in May and August 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the para at Sr. No.2 kept pending for adjustment of overpayment. Further progress was not reported by the department. As regards para at Sr. No. 1, the department neither replied

nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be taken up at appropriate level and necessary steps be taken to avoid further loss to government exchequer besides strengthening of supervisory and financial controls.

2.4.49 *Payment of general sales tax without sales tax invoices and non verification of sales tax-Rs. 83.75 million*

Section 23(1) of Sales Tax Act, 1990 provides that a registered person making a taxable supply shall issue a serially numbered Sales Tax Invoice at the time of supply of goods. The Government of Pakistan Ministry of Finance, Economic Affairs, Statistics and Revenue Division, Islamabad had been lay down the sales tax special procedure withholding rules, 2007 which shall apply to all taxable goods and services by the suppliers to the Government departments, autonomous bodies and public sectors organizations vide notifications No. SRO-660 (1) 2007 dated 30-06-2007. As per rule 2 and 6, withholding agent shall deduct an amount equal to 1/5th of total sales tax shown in sale tax invoices, issued by the supplier and make payment balance amount to him. Sales tax so deducted should be deposited into the designated Branch of National Bank of Pakistan under proper head of account. The withholding agent shall furnish all such information and data to the Collector of Sale Tax Department accordingly. Verification of General Sales Tax is required to be made from the Sales Tax Collectorate vide para No. 2(ii) Central Board of Revenue (Sales Tax Wing) Government of Pakistan letter No. 4(47)STB(Vol-I) dated 4.8.2001.

During audit of Agriculture Department, it was observed that general sales tax amounting to Rs. 83,750,470 was paid but GST invoices were not obtained due to which it could not be ensured that either the

firms had deposited the said amount to FBR or otherwise. Further, verification of sales tax paid was not got verified from the Sales Tax Collectorate as required under above mentioned instructions/rules. The details are as under:

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of observation	Amount (Rs.)
1.	Director General Agriculture (Extension & Adaptive Research) Punjab, Lahore.	2017-18	27208	Non obtaining of GST invoices	63,954,883
2.	Rice Research Institute Kala Shah Kaku.	2016-18	29308	Non obtaining of GST invoices	124,351
3.	Director General Agriculture (Field) Punjab	2017-18	27193	Non verification of Sales Tax	12,782,726
4.	Agricultural Chemist (SODIC), Soil & Water Testing Laboratory for Research, Lahore.	2014-17	24546	Non verification of Sales Tax	6,888,510
Total					83,750,470

Audit was of the view that lapse occurred due to weak internal controls on taxation.

The matter was brought to the notice of management during July & November 2018. The formation at Sr. No. 1 replied that GST invoices would be collected from the firms concerned. The formation at Sr. No. 2 stated that detailed reply would be submitted after consulting relevant record. The formations at Sr. No. 3 & 4 noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that either the amount of GST be recovered from the concerned firms or GST invoices be obtained and amount of GST be got verified from the Sales Tax Collectorate.

2.4.50 *Loss due to auction of fruit trees at lesser rates - Rs. 2.68 million*

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Director General Agricultural Research (AARI) Faisalabad for the period 2016-18, it was observed that auction of fruit was made irregularly and also at lesser/irrational rates as detailed below:

1. As per detail provided by the entity total number of trees were 130 and 144 in 2016-17 and 2017-18 respectively. Out of these, 32 trees were auctioned in first year and 111 were auctioned in second year. The auctions were made without advertisement in newspaper to avoid competitive rates.
2. Average rate of auction was Rs. 266 per tree in 2016-17 while Rs. 450 per tree in 2017-18 which was irrational as one box of these fruits was more costly than the amount at which complete tree was auctioned. Audit was of the view that at least one tree was required to be auctioned at Rs. 10,000. Hence, loss of 1,371,500 was sustained by the government due to non adoption of rational policy in this regard.
3. For experimental purpose 131 trees (98 in 1st year and 33 in 2nd year) were retained by the department. Orders of

competent authority/experimental reports were neither available nor were shown to Audit. In case of auction @ Rs 10,000 per tree, an amount of Rs. 1,310,000 could have been earned by the department.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

The matter was brought to the notice of the management in August 2018. The management replied that the Director General Agriculture (Research) reserves full powers to sell surplus agricultural produce through a committee. As far as orders of the competent authority regarding reserved farm produce/fruit for experimental purposes was concerned, orders were available on record. The reply was not acceptable as the same was not supported with documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired for sale of fruit trees at lesser rates and without advertisement in newspaper besides production of orders of the competent authority regarding retaining of fruit trees for experimental purpose.

(PDP No. 29277-DG AARI Faisalabad-2016-18)

2.4.51 Non disposal of used mobil oil-Rs 1.17 million

As per Rule 15.3 of PFR Vol-I, competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable and sale proceeds be credited into the Government Treasury.

During audit of Agriculture Engineer, Faisalabad for the period 2014-18, it was observed that mobil oil & hydraulic oil was purchased for

bulldozers. After deducting 20% wastage a quantity of 23419 liters of mobil/hydraulic oil was required to be received back and disposed off through open auction. Neither the used oil was entered in stock register nor the same was auctioned which deprived of revenue to government amounting to Rs.1,170,950 approximately.

In response to the preliminary audit observation, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that used mobil/hydraulic oil be auctioned immediately and sale proceeds be deposited into government treasury.

(PDP No. 27970- Agriculture Engineer Faisalabad- 2014-18)

2.4.52 *Payments not entred in cash book Rs.75.01 million*

Rule 2.2 of PFR Vol-I provides that a simple Cash Book in P.F.R. Form-I should be kept in every office receiving or disbursing money on behalf of Government regularly or frequently for recording all transactions of moneys received by Government Servants in their official capacity, and subsequent remittance to the treasury or to the bank, as well transactions of moneys withdrawn from the treasury or the bank by bills and their subsequent disbursement. All cash transactions should be entered in the Cash Book as soon as they occur and attested in token of check. The Cash Book should be closed regularly and completely checked. In token of the check of the Cash Book, the last entry checked therein should be initialed (with date) by the Government servant concerned on each occasion. The entries in the Cash Book of the cheques drawn from the Audit Office or

amount withdrawn from the treasuries should be compared and checked with the list of the Cheques or Treasury Schedules issued by the Audit Office/Treasury Office. A certificate to this effect be recorded in the Cash Book. At the end of each month the head of the 'office "should personally verify the cash balance and record below the closing entries in the Cash Book a certificate to that effect over his dated signature specifying both in words and figures the actual cash balance (exclusive of Imprest and temporary advances).

During audit of Agriculture Engineer, Faisalabad for the year 2014-18, it was observed that management had drawn Rs.75,004,993 under head of account A03807-POL charges through SAP system of AG Punjab but entries of the same were not accounted for in the cash book.

Audit was of the view that lapse occurred due to non-observance of rules.

In response to the preliminary audit observation, the department noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non observance of rules and government instructions, the irregularity be got condoned from the Finance Department and record be produced/shown to audit besides strengthening of supervisory and internal controls.

(PDP No. 27965- Agriculture Engineer Faisalabad- 2014-18)

2.4.53 *Inordinate expenditure-Rs. 7.87 million*

According to financial instructions issued by the Govt. of the Punjab, Finance Department through budget every year, every DDO is

required to spend Govt. funds at proportional rate and rush of expenditure in the eleventh months of a fiscal year is prohibited.

During audit of Director Agriculture (Research), Bahawalpur for the period 2005-18, it was observed that expenditure was not incurred in accordance with spirit of the budgetary allocation. It was noticed that expenditure of Rs.7,869,870 was incurred by the DDO in the month of June which was irregular and highly objectionable on the part of DDO concerned as the funds were not utilized at the proportionate rate in violation of FD's instructions.

Audit was of the view that non adherence to government instructions and weak financial controls resulted in inordinate expenditure in the month of June.

The irregularity was pointed out in October 2018. The management simply noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into besides regularization of expenditure from the competent authority.

(PDP No. 29897- Director Agriculture Research, Bahawalpur -2005-18)

2.4.54 Unauthorized payment of utility charges of other offices, overstatement of expenditure Rs. 1.37 million

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Director General Soil Survey of Punjab for the financial year 2017-18, it was observed that utility charges (electricity, gas & water) pertaining to other offices situated in the premises of D.G. Soil Survey were being paid. Separate utility meters of other offices were not installed despite lapse of more than two years of occupying the premises. Resultantly, expenditure of D.G Soil Survey was overstated while the expenditure of other offices was understated in books of accounts. The details are as under:

Head of Account	D.G Soil Survey	Amount pertaining to		
		Directorate Crop Reporting Service	Statistician Crop Reporting Service	Assistant Director Crop Reporting Service
Gas	358,860	89,715	89,715	89,715
Electricity	1,117,580	279,395	279,395	279,395
Water	345,322	86,331	86,331	86,331
Total	1,821,762	455,441	455,441	455,441
Over Charged to D.G Soil Survey				1,366,323

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

When pointed out the irregularity in August 2018, the management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that stated amount be recovered from the concerned offices besides installation of separate utility meters for respective offices immediately.

(PDP No. 26208- DG Soil Survey Punjab Lahore- 2017-18)

2.4.55 Irregular maintenance of bank account and non maintenance of cash book thereof-Rs. 72.07 million

According to Finance Department letter No. FD(FR)V-6/2 dated 29.10.1978, a Government servant may not, except with the special

permission of the Government deposit in Commercial bank moneys withdrawn from the Provincial Consolidated Fund or Public Account of the Province. The Financial Guidelines notified by the PARB (Punjab Agricultural Research Board) for Project Managers and Team leaders provides that the Project Bank account shall be maintained with the Bank of Punjab.

During audit of Agriculture Department, it was observed that the management at Sr. No. 1 of following table maintained a bank account but permission of Finance Department for opening of bank account was not obtained. Cash book of the said account was also not maintained. Moreover, the management at Sr. No. 2 opened a bank account other than the Bank of Punjab in contravention of Financial Guideline of PARB.

Sr. No	Name of Formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director General Ayub Agricultural Research Institute, Faisalabad	2016-18	29279	45,578,006
2.	Punjab Agricultural Research Board (Project No.127)	2009-14	24680	26,490,856
Total				72,068,862

Audit was of the view that non adherence to government instructions resulted in irregular opening of bank accounts and non maintenance of cash book thereof.

The matter was pointed out during May & August 2018. The management at Sr. No.1 replied that the practice objected by Audit was being implemented since long. However cash book as directed by Audit shall be maintained forthwith. The formation at Sr. No. 2 replied that prior to start of the project there were no clear cut instructions about opening of account in Bank of Punjab. The replies being evasive were not acceptable.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned from the competent authority besides maintenance of cash book.

2.4.56 Irregular payment of utility charges through bulk supply-Rs. 79.93 million

According to Rule 2.32 of PFR Vol-I, it is not sufficient that a Government servant accounts should be correct to his own satisfaction. He has to satisfy not only himself but also the Accountant-General that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an amount is correct in all respects.

During audit of Agriculture Department, it was observed that electricity/gas was being supplied to various offices as well as residences of colony through bulk supply instead of installing separate meters. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director General Ayub Agricultural Research Institute, Faisalabad	2016-18	29280	78,894,515
2.	Director General, Soil Survey of Punjab, Lahore,	2015-17	24510	1,039,057
Total				79,933,572

The lapse was pointed out in February & August 2018. The formation at Sr. No. 1 replied that FESCO was providing electricity to AARI, Faisalabad through bulk supply since 1962-63 which was being consumed by their office as well as other offices of 27 DDOs working under the administrative and financial control of Director General Agriculture (Research). Efforts were made regarding taking over the electricity system of AARI by FESCO but in vain. This office would have no objection at all if electricity supply system is taken over by the FESCO.

The formation at Sr. No. 2 replied that Rs.1,000,000 was re-appropriated from CRS budget by Finance Department. The detailed reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that separate meters be installed for respective offices as well as residences to avoid loss to government besides strengthening of financial controls.

2.4.57 Variation of Expenditure-Rs.1.84 million

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Director General Agricultural Research, Faisalabad for the financial year 2016-18, a variation of Rs.1,842,709 was observed between expenditure recorded in expenditure statement for the month of June 2018 and actual expenditure booked by AG Punjab as per SAP/R-3.

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

When pointed out the lapse in August 2018, it was replied that bills to the tune of Rs.18,42,709 were passed by the DAO, Faisalabad during last week of June 2018 but the State Bank of Pakistan, Faisalabad had not cleared the amount of these bills. The expenditure was auto reversed by the DAO, Faisalabad and expenditure statement had been prepared/ submitted to the DAO, Faisalabad for re-conciliation. The expenditure was

made strictly in accordance with the allocation while SAP/R-3 system being maintained by the Government was beyond the control of the DDO. The reply was not acceptable as the same was not supported with documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to dig out reasons of variation in expenditure and correct figures be reported in the accounts.

(PDP No 29282- DG AARI, Faisalabad- 2017-18)

2.4.58 Bogus/fake drawl of catering service charges-Rs. 1.56 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Director Water Management Training Institute for the period 2017-18, an amount of Rs 1,558,154 spent under project on account of catering service charges and expenditure was held bogus/fake on the following grounds:

1. Contrary to the provision of PC-I, the committee comprising Executive District Officer (Agriculture) concerned as Chairman, Representative of DCO concerned as Member, District Officer Agriculture (Extension) concerned as member and District Officer (OFWM) concerned did not verify the expenditure of Food Catering Service.
2. The training activity was under taken in districts of Bahawalpur, Bahawalnagar, R.Y. Khan, Lodhran, Vehari,

Khanewal and Multan but concerned District Officers did not verify the expenditure.

3. The proof to the effect that the farmers were owner/tenant/lessee and self-cultivator of land was not found on record.
4. Venue of activity under taken i.e. banquet hall, community center, hotel or restaurant was not known.
5. Photo copies of CNICs of farmers to whom training was imparted were not found attached with the claims.
6. As per PC-I, 25 participants should receive training for one day but claim of food catering service was found more than 25 participants against the provision of PC-I.
7. Approval of the competent authority was not obtained.

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director Water Management Training Institute, Lahore	2017-18	26340	507,174
2.	Director Water Management Training Institute, Lahore	2017-18	26339	855,652
3.	Director Water Management Training Institute, Lahore	2017-18	26341	195,328
Total				1,558,154

Audit was of the view that the lapse was due to non-adherence to the provisions of PC-I.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and matter be taken up with the higher authorities for inquiry to fix responsibility along with recovery from the defaulters.

2.4.59 Unauthorized mode of payments -Rs. 15.50 million

As required in Rule 4.49(a) of Punjab STR read with Government of the Punjab Finance Department letter No. F.D (FRV-6/75(P) dated 20.06.2007, all payments (exceeding Rs.100,000) should be made through bank/pay order instead of cash.

During audit of Agriculture Department, it was noticed that an amount of Rs.15,495,581 was drawn through cash from government exchequer instead of vendor cheques in violation of above government instructions. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director Entomological Research Institute (AARI) Faisalabad	2016-18	29001	6,456,425
2.	Director General Agriculture (Field) Punjab	2017-18	27189	5,767,741
3.	Director Soil Conservation Punjab Rawalpindi	2016-18	28993	3,271,415
Total				15,495,581

Audit was of the view that non observance of government instructions resulted in irregular mode of payment.

The matter was pointed out during July & August 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should seek condonation of irregularity from the Finance Department.

**2.4.60 Non completion and sub-standard work of watercourses-
Rs. 6.39 million**

According to Rule 2.31 of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges .Moreover, under Section 14 of the Auditor-General's (Function, Power and Terms and Conditions of Service) Ordinance 2001 provides that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

During audit of Director Agriculture (Research), Bahawalpur for the financial year 2005-18, it was observed that a sum of Rs.6,393,405 had been allocated for the project titled "*Strengthening Of Irrigation Facilities*" through ADP development budget for the period 2007-09. It was noticed that an amount of Rs. 6,393,405 was withdrawn and utilized unnecessarily due to incomplete work. During physical visit at site for collection of evidence, it was noticed that only water course was constructed. Hence the expenditure was held irregular due to the following reasons:

- In PC-I provision Turbine, Pumping, Electric motor, Transformer and Electric poles were not installed during visit.
- Constructed water course 1950 meter lies in Mouza Zakhira in forest area under jurisdiction of DFO BWP. Kacha Khala already was working for forest produce.
- Water storage was not build inside agriculture area.

- CDRs/security and stamp duty was not obtained from the contractor.
- Income tax/GST/PST deducted from the contractor was not shown to audit which deprived Government of revenue.
- Cost estimates, technical sanction, MBs etc. were also not produced.
- An amount of Rs.198,210 was paid to MEPCO but no transformers/meters of electricity were installed up till now. It was also observed that the same items were also not found in the record during physical verification.
- Appointment record of contingencies staff was not shown to audit.
- Replenishment cost Rs. 106,506 was paid to Forest Department for removal of trees. Audit required compartment file with enumeration register and credit verification by the treasury office.
- All the payments made by the department were not produced along with stock register/work done certificate, supply order, offer letter, etc. due to which audit could not verify the expenditure/paid vouchers related to said work. Cash book was not maintained properly.

The irregularity was pointed out in October 2018. The management simply noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be condoned from the competent authority.

(PDP No.29900-Director Agriculture Research, Bahawalpur- 2005-18)

2.4.61 Irregular recording of store articles in cost centre of other office-Rs.86.66 million

According to Rule 2.32 of PFR Vol-I, it is not sufficient that a Government servant accounts should be correct to his own satisfaction.

During audit of Director General Agriculture (Field) Punjab for the financial year 2017-18, it was observed that:

1. All parts of agriculture machinery of various field offices were centrally purchased from the cost centre of Director General Agriculture (Field) Punjab. It was noticed that the same were entered in the stock register of Agricultural Engineering Store (i.e separate cost centre) instead of entering in the stock register of Director General Agriculture (Field) where actually purchases of agricultural parts were made.

S. No.	Cheque No	Cheque Date	Firm Name	Name of Parts of Machinery	Amount (Rs.)
1	3354269	14.06.2018	Alpha Trading Corporation	Cylinder Head Assembly	62,478,000
2	3349024	04.06.2018	Alpha Trading Corporation	Idle Gyre and Shaft Package	11,115,000
3	3099855	29.01.2018	Pakistan Accumulators (Pvt) Ltd	Batteries	6,303,277
4	3173656	13.04.2018	A.R. Traders	Filter	4,824,600
5	3362220	23.06.2018	Alpha Trading Corporation	Clutch System etc.	1,937,750
Total					86,658,627

2. After issuance of costly parts of agriculture machinery to the field offices, no verification of receipt of stock duly

issued by the head of the Regional office (Lahore, Multan, Rawalpindi & Faisalabad) was obtained for reconciliation and to avoid any undesirable situation.

3. Following spare parts of agricultural machinery were purchased by the department for the year 2017-18. The same were still lying in main stores and not distributed to the field offices of the Punjab till end of July 2018. Audit was of the view that over estimation of procurement was made for the financial 2017-18.

Sr. No.	Name of Parts	Contract No.	Receipt	Issued	Balance	Amount (Rs.)
1	Gear Ideal	DGA/(F)K-P-II/24	50	22	28	1,647,360
2	Shaft Package	DGA/(F)K-P-II/24	200	80	120	2,948,400
3	Auxillary Parts of Engine	DGA/(F)K-P-II/28	50	1	49	1,249,560
4	Clutch System Package	DGA/(F)K-P-II/30	115	58	57	977,300

Audit was of the view that the lapse occurred due to weak supervisory and internal controls management of assets.

When the irregularity was pointed out in July 2018, it was noted for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got regularized from the competent authority under intimation to audit.

(PDP No. 27195- Director Agriculture (Field), Punjab, Lahore- 2017-18)

**2.4.62 Non maintenance of tenant welfare funds accounts-
Rs. 330,910**

According to Rule 2.10(a)(1) of P.F.R 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 the expenditure of his own money. Moreover, as provided in section 14 of the Auditor-General’s (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

During audit of Director Rice Research Institute, Kala Shah Kaku for the period 2016-18, it was observed that tenants share funds account on the Agriculture produces was being collected @ 1 Kg of the gross amount of the different crops for the welfare of the tenants whereas the collected amount was being deposited into post office instead of opening the accounts in the Bank of Punjab. The following requisite auditable record was neither maintained nor produced to Audit for verification. In the absence of requisite record, chances of miss-appropriation might occur and transparency for the welfare of the tenants could not be ensured.

- i. The cash book of tenant welfare fund was neither maintained nor produced to Audit for the period w.e.f. 2010 onwards.
- ii. The paid vouchers were also not produced to Audit for verification of the expenditures incurred in this regard.
- iii. Policy/objective of the tenant’s welfare fund not produced to Audit for verifying the collections of welfare fund amount and purposes of its expenditures.

The matter was pointed out in November 2018. The management stated that detailed reply would be submitted after consulting relevant record. The reply was not tenable as the department neither maintained the record nor produced to Audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be condoned with the sanction of Finance department in addition to investigate the matter at an appropriate level for non maintenance of requisite record of welfare fund account.

(PDP No. 29331- Director Rice Research Institute, Kala Shah Kaku - 2016-18)

2.4.63 Irregular/unjustified payment of salaries-Rs 10.26 million

As per Finance Department’s letter No. SO.(TT)2-2/72-Pt-I dated 19.07.2008, monthly salary of all Government employees may strictly be disbursed through their bank accounts alone; failing which the salary of defaulting employees may be stopped. According to Rule 2.10(a)(1) of P.F.R 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 the expenditure of his own money.

During audit of Agriculture Department, it was observed that some formations made manual payment of salaries amounting to Rs.10,257,568 instead of disbursing the same through bank accounts of the employees. Moreover, in some cases payment of salaries was made to staff having no physical work.

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1.	Deputy Director Plant Protection Punjab Lahore	2014-17	24625	Posting of staff without having any Physical work	8,344,620

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
2.	Director Institute of Soil Chemistry & Environmental Sciences Kala Shah Kaku.	2011-18	27460	Payment of Salary as manual instead of employees bank accounts	1,912,948
Total					10,257,568

Audit was of the view that non adherence to government instructions resulted in irregular payment of salaries.

Audit pointed out the irregularity in May & September 2018. The DDOs noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 30.10.2018, the para at Sr. No.1 kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards para at Sr. No. 2, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the irregularity be got condoned from the Finance Department and the staff be deployed properly besides strengthening of supervisory and financial controls.

2.4.64 Non-conducting of pre-audit-Rs. 153.73 million

The Punjab Agriculture Produce Market Rules 1980 vide para no 7(5) states that proper accounts shall be maintained by the Board of the receipts and disbursements of the fund which shall be audited by the Accountant General Punjab in the same manner as the accounts of a Government offices are audited. As per Punjab Agriculture Research Board Act Notification vide No.SO(A-v)26-9/97 dated:07.10.2009

provides under article No.16 that Director (A&F) shall perform the Internal Audit function for Board Fund.

During audit of Agriculture Department, it was observed that expenditure of Rs. 153,728,888 was incurred but neither pre audit was conducted nor internal audit function was carried out in violation of above rules. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director Market Committees Provincial Board, Lahore.	2014-17	24941	123,953,032
2.	Under Punjab Agricultural Board project No 127	2009-14	24681	29,775,856
Total				153,728,888

The matter was pointed out in May 2018. The management noted the observation and did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned with the sanction of Finance Department.

2.4.65 *Unjustified calculation of 10 % share contribution to MCPFB-Rs.234.45 million*

The Punjab Agriculture Produce Markets (Market Committees Provincial Fund) Rules, 1980 vide Para No. 7 (1) states that ever market committee shall deposit not less than 10 percent of its annual income as a contribution towards the fund for covering the salaries of officers to be appointed for the better working of the market committees or for meeting

the expenditure to be incurred on carrying out the purpose common to or for the overall interest of the market committees in the province.

During audit of Director Market Committees Provincial Fund Board Lahore it was observed that Board did not ensure about the gross annual income of respective committees for which 10 % had been calculated by it and transferred to MCPFB. Furthermore no system had been framed for check-up/assessment of gross annual income of market committee as such the veracity of the amounts calculated by various market committees and deposited in the MCPFB account could not be checked by audit. Therefore, the calculation of 10% share deposited by the market committees was at their own assessment/sweet will.

Audit was of the view that weak internal controls on “Receipts” resulted in error in calculation of receipt.

In response to the preliminary observation issued in May 2018, the management replied that the system was being stream lined. Reply was not tenable as the share contribution/ calculation could not be assessed.

Audit recommends that the share calculation be streamlined besides realization of outstanding share at the earliest.

(PDP NO. 24935- Director Market Committee Provincial Fund, Lahore- 2014-17)

2.4.66 Irregular payment made to personal accounts instead of official accounts-Rs.2.04 million

According to rule 2.10 b (4) of PFR Vol-I state that money actually paid is under no circumstances kept out of account a day longer than is absolutely necessary even if it has been paid without proper sanction. Further amount paid should be kept for further disbursement in official designated account maintained in commercial bank opened with prior approval of finance department.

During audit of Director Market Committees Provincial Fund Board Lahore, it was noticed that an amount of Rs.2,041,498 was paid in favour of Mr. Asif Khan and Mr. Sajid Ahmad, Deputy Directors of Agri. Extension by cheques. The payment was required to be made to designated officer of the department instead of personal accounts of the officers. Hence the payment was considered irregular. The amount should be kept in commercial bank account opened after approval of Finance Department for the purpose.

Audit was of the view that weak internal controls on "Payments" resulted in occurrence of irregularity like payment to personal account.

In response to the preliminary observation issued in May 2018, the department replied that no payment would be made in future without official account.

Audit recommends that the expenditure be got regularized with the sanction of competent authority.

(PDP No 24945- Director Market Committee Provincial Fund, Lahore- 2014-17)

2.4.67 Non comparison between receipt cash book of seed and deposit challans-Rs.497.11 million

As per Rule 4.1 of PFR Vol-I, it is the responsibility of the DDO that all sums due to Government are regularly received checked against claimed and that they are paid into Government Treasury.

During audit of Director Vegetable Research Institute, Faisalabad for the financial year 2011-18, it was revealed that a sum of Rs.497,111,065 was received and entered in the receipt cash book of seed on account of sale of seed but the bill book No. mentioned in the cash book was not compared and reconciled with the deposit treasury challans as the amount of both documents did not tally.

The irregularity was pointed out in October 2018. The management simply noted the observation for compliance

Audit recommends that the department should reconcile the amounts in documents besides strengthening of internal controls.

(PDP No.30462 – Director Vegetable Research Institute, Faisalabad -2011-18)

2.4.68 Doubtful purchase/stock of POL-Rs.11.47 million

As per Rule 15.4 (a) of PFR Vol-I, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government servants should see that the quantities are correct and their quality good, and record a certificate to this effect. The receiving Government servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock registers. Moreover, as per Rule 15.18 *ibid* also provides that balances of store should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.

During audit of Director Research Vegetable Institute, Faisalabad for the period 2011-18, it was revealed that an expenditure of Rs. 11,469,355 was incurred on purchase of POL for official vehicles. The expenditure was held irregular as POL was purchased in bulk and stored in drums without adoption of government instructions/SOPs. During Physical verification of store, no evidence was found where fuel was being stored and log books were also not maintained as per procedures. Moreover, the Director Vegetable Research discouraged Audit Team to conduct physical verification of store.

The matter was pointed out to the concerned formation in October 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed at administrative level to fix responsibility.

(PDP No. 30460- Director Research Vegetable Institute, Faisalabad-2011-18)

CHAPTER 3

BOARD OF REVENUE

3.1 *Introduction*

Board of Revenue is the successor of the office of the Financial Commissioner. It was originally constituted under the provisions of West Pakistan Board of Revenue Act, 1957, which on dissolution of One Unit in 1970, became the Board of Revenue, Punjab.

Following are the main functions of Board of Revenue:

- It is the controlling authority in all matters connected with the administration of land, land taxation, land revenue, preparation, updating and maintenance of records.
- It is the highest Revenue Court and custodian of the rights of land of all the right-holders.
- It exercises general superintendence and control over the Revenue Officers and Revenue Courts in the province and has suo-moto jurisdiction.

3.2 *Comments on Budget & Accounts (Variance Analysis)*

Introduction

The Appropriation Accounts for the year 2017-18 of Board of Revenue indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	(6)
PC21010	1,111.77	(654.97)	456.8	437.031	(19.769)
Total	1,111.77	(654.97)	456.8	437.031	(19.769)

Overview of Expenditure

The final budget of Board of Revenue for the year ended 30 June, 2018 was Rs. 456.8 million. Out of this, actual expenditure was Rs. 437.031 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	1,111,772,000	437,030,648	(674,741,352)	60.69
Total	1,111,772,000	437,030,648	(674,741,352)	60.69

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	456,800,000	437,030,648	-19,769,352	4.33
Total	456,800,000	437,030,648	-19,769,352	4.33

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (19.769) million at the close of the year 2017-18 under grants PC21010 were not surrendered in time by the Department.

3.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1.	1987-88	7	3	4	43
2.	1988-89	8	2	6	25
3.	1989-90	41	12	29	29
4.	1990-91	10	3	7	30
5.	1991-92	3	0	3	0
6.	1992-93	15	6	9	40
7.	1993-94	23	4	19	17
8.	1994-95	23	3	20	13
9.	1996-97	31	6	25	19
10.	1997-98	43	9	34	21
11.	1998-99	77	26	51	34
12.	1999-00	71	20	51	28
13.	2000-01	198	40	158	20
14.	2011-12	3	0	3	0
Total		553	134	419	24

The compliance with PAC Directives in Board of Revenue Department is not satisfactory and needs improvement.

3.4 AUDIT PARAS

Non production of record

3.4.1 Non production of record

As provided in section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, as per Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22.02.1994, DDO himself is responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

During audit of accounts of Commissioner Bahawalpur, for the period upto 2017-18, it was observed that the auditable record pertaining to SDA was not provided to audit for scrutiny.

Audit was of the view that due to non-production of record, audit could not ascertain the authenticity of accounts.

Audit pointed out the lapse in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to take disciplinary action against the responsible persons besides production of required record and issuance of instruction to field office for non occurrence of such kind of situation.

(PDP No 22735- Commissioner Bahawalpur -2017-18)

Irregularities & non-compliance

3.4.2 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.162.66 million

As per Rule 12 of the Punjab Procurement Rules 2014, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper. Whereas procurement exceeding two million rupees shall be advertised on the website of the Authority as well as in at least two national daily newspapers of wide circulation, one in English and one in Urdu.

During examination of the accounts of following formations for the period upto 2017-18, it was observed that an amount of Rs. 162,654,507 was incurred on purchase of vehicles, furniture, machinery, hardware, stationery and IT equipment etc. without fulfilling the requirements of procurements i.e. advertising and tendering policy etc.

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1	Commissioner, Sargodha	2017-18	22681	Irregular purchase of vehicles	68,832,000
2	Commissioner, DG Khan	2017-18	23145	Irregular purchase of vehicles	55,299,500
3	Commissioner, Sahiwal	2017-18	23324	Irregular purchase of vehicles	32,608,500
4	Commissioner, Rawalpindi	2017-18	22953	Irregular expenditure on account of Stationery	1,675,647

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
5	Commissioner, Faisalabad	2017-18	23379	Irregular purchase of Stationery	782,176
6	Punjab Land Record Authority Lahore	2016-17	22351	Mis-procurement of IT Equipment	728,828
7	Commissioner, DG Khan	2017-18	23147	Mis-procurement/irregular expenditure on purchase of stationery	575,805
8	Deputy Secretary Colonies (Accounts Thal), Lahore	2016-17	22328	Irregular expenditure on account of Purchases under head others/ Repairing	460,447
9	Commissioner, Multan	2017-18	23317	Non-uploading of Evaluation Reports of Bids of procurements	360,000
10	Commissioner, Sargodha	2017-18	22687	Irregular purchase of furniture	269,394
11	Commissioner, Faisalabad	2017-18	23383	Irregular Expenditure on purchase of durable goods	252,000
12	Commissioner DG Khan	2017-18	23152	Irregular purchase of furniture	217,152
13	Commissioner, Bahawalpur	2017-18	22744	Irregular expenditure on purchase of stationery through split-up	210,391
14	Commissioner DG Khan	2017-18	23153	Irregular purchase of IT equipment	188,662
15	Commissioner, DG Khan	2017-18	23154	Irregular purchase of Hardware	104,089
16	Commissioner, Sargodha	2017-18	22688	Irregular purchase of Hardware	89,916
Total					162,654,507

Audit was of the view that weak supervisory and financial controls resulted in non-transparent incurrence of expenditure of Rs.162,654,507.

Audit pointed out the lapse during January to November 2018. The management replied that all the codal formalities have been done against Sr. Nos. 6 & 9 but no record was produced in support of reply. The managements at Sr. Nos. 4, 5, 10, 11, 13 & 16 noted observations for compliance. The managements at Sr. Nos. 7, 12, 14 & 15 stated that detail reply would be submitted after examination of record. The managements at Sr. Nos. 1 to 3 stated that vehicles were purchased with the permission of competent authority and concerned company was bound to pay taxes while no reply was furnished by the management at Sr. No.8.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularities may either be justified or be got regularized from the Finance Department besides strengthening of supervisory and management controls to avoid such kind of violation of rules.

3.4.3 *Un-authorized purchase in violation of austerity measures - Rs. 59.10 million*

According to clause 2(II) of the austerity measure issued by the government of the Punjab Finance Department vide letter No. FDSO (GOODS)44-4/2016 dated 14.09.2017, there shall be complete ban on procurement of locally assembled new or imported vehicles out of current and development budget. Purchase of imported vehicles shall be governed by the policy instruction issued by the Federal Government from time to time. However, under unavoidable circumstances the vehicles, except below, can be procured with the prior concurrence of austerity committee and subsequent approval of chief minister through submission of the summary.

- ambulance and all operational vehicles for hospital except car.
- Buses and coasters for all educational institutional.
- Tractor, dumpers, water boozers, fire fitting vehicles, flood relief equipments/vehicles and solid water management equipment/vehicles and
- Motorcycles.

During audit of the accounts of Commissioner, Multan for the period 2017-18, it was observed that the above instructions were not being adhered to and 15 motor vehicles were purchased during the period of ban without obtaining prior approval of the austerity committee. This resulted into irregular expenditure to the tune of Rs. 59,096,000 which indicates weak management and financial controls of the department.

Audit pointed out the lapse in November 2018. The management stated that all codal formalities have been done and detailed reply would be submitted at the time of annotated reply which is awaited.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity may either be justified or regularized from Finance Department.

(PDP No 23316- Commissioner Multan-2017-18)

3.4.4 Non/Defective-maintenance of logbooks-Rs-13.99 million

According to Para 20 of West Pakistan Staff Vehicle (Use and Maintenance) Rules 1969 log book containing petrol account, history sheet and all expenditure incurred thereon should be maintained for each Government vehicle

During examination of record of following formations for the period upto 2017-18, it was observed that POL to the tune of Rs.13,996,834 was consumed by departments in government vehicles but log books of the vehicles were neither maintained as required under the law nor produced to audit. In some cases the POL was also drawn for the generators but the same was not properly accounted for in the log books which indicated weak internal/financial controls:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1.	Punjab Land Record Authority Lahore	22354	1,959,375
2.	Commissioner Sargodha	22686	1,316,692
3.	Commissioner Rawalpindi	22952	3,037,075
4.	Commissioner Gujranwala	22979	1,576,237
5.	Commissioner DG Khan	23151	2,602,931
6.	Commissioner Multan	23321	1,578,905
7.	Commissioner Sahiwal	23328	1,307,536
8.	Commissioner Faisalabad	23380	618,083
Total			13,996,834

The audit pointed out the lapses during March to November 2018. The management noted the observations for compliance at Sr. No.8 and did not given the reply at Sr. No.4. The management at Sr. No.2 replied that the expenditure on purchase of POL for the staff cars is always incurred keeping in view the proper instructions and rules on the subject but no record was produced in support of reply while in other cases it was promised to produce the log books later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the irregularity or fix the responsibility for non-maintenance of log books besides ensuring of proper maintenance of log books.

3.4.5 *Irregular expenditure on repair of Vehicles, Machinery & Equipment and furniture-Rs.12.20 million*

As per Rule 2.10(a) (1) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of its own money.

During audit of accounts of the following formations, it was observed that an amount of Rs.12,199,374 was drawn and shown incurred on repair of vehicles, furniture, machinery & equipments:

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1.	Commissioner Bahawalpur	2017-18	22750	Repair of vehicles	491,184
2.	Commissioner Sargodha	2017-18	22683	Repair of vehicles	556,915
3.	Commissioner Bahawalpur	2017-18	22739	Repair of vehicles	424,382
4.	Commissioner Rawalpindi	2017-18	22959	Repair of vehicles	3,117,462
5.	Commissioner DG Khan	2017-18	23148	Repair of vehicles	364,789
6.	Commissioner Faisalabad	2017-18	23377	Repair of vehicles	1,568,802
7.	Commissioner Sabinal	2017-18	23329	Repair of vehicles	232,987
8.	Commissioner Sabinal	2017-18	23327	Repair of vehicles	964,747
9.	Senior Member Board of Revenue Punjab Lahore	2017-18	22446	Repair of vehicles	258,200
10.	Commissioner Gujranwala	2017-18	22981	Purchase of Tyres	123,500
11.	Senior Member Board of Revenue Punjab Lahore	2017-18	22449	Repair of vehicles	548,398
12.	Commissioner Sargodha	2017-18	22684	Repair of M&E	265,273
13.	Commissioner Bahawalpur	2017-18	22738	Repair of M&E	514,487
14.	Commissioner DG Khan	2017-18	23149	Repair of M&E	164,774
15.	Commissioner Faisalabad	2017-18	23378	Repair of M&E	1,136,787
16.	Commissioner Sargodha	2017-18	22685	Repair of furniture	153,392
17.	Commissioner Bahawalpur	2017-18	22742	Repair of furniture	275,403
18.	Commissioner DG Khan	2017-18	23150	Repair of furniture	169,400
19.	Commissioner Faisalabad	2017-18	23376	Repair of furniture	868,492
Total					12,199,374

The expenditure was irregular on the following grounds:

- Book values were not calculated before sanctioning and incurring of expenditure on repairs, replacement of parts or overhauling, etc.

- Repairs were made from unregistered firms.
- 10 % Income Tax was not deducted.
- In terms of S&GAD (Transport Pool) letter No. MTO (AT-II(S&GAD)8-6/89 dated 21.12.1994, the limit of distance fixed for replacement of tyres and tubes was 50,000 K.M. for a government vehicle. But at the time of replacement of tyres the distance was not considered.
- The replaced items were neither accounted for in the stock register of unserviceable articles nor these were disposed off by auction as required under Rule 15.3 of PFR Vol-I.
- Quotations were collected without General Sales Tax.
- Quotations were arranged on personal level.
- History sheets were not properly maintained.

Audit was of the view that irregularity occurred due to weak financial and supervisory controls.

Audit pointed out the lapse during July to November, 2018. The managements at Sr. Nos. 7 to 9 & 11 did not offer any reply while in all the other cases, the managements noted the observations for compliance.

The matter was further reported to the PAO but neither any reply was received nor was a DAC meeting convened.

Audit recommends that matter may be investigated and expenditure may be got regularized with the sanction of the competent authority.

3.4.6 Irregular drawls without immediate disbursement-Rs.5.19 million

According to Rule 2.10(b)(5) of PFR Vol-I, no money is withdrawn from the treasury unless it is required for immediate

disbursement or has already been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take a considerable time.

During examination of record of Senior Member Board of Revenue Punjab, Lahore for the period 2017-18, it was observed that an amount of Rs. 5,190,265 was drawn by the DDO through certain cheques out of which an amount to the extent of Rs.4,178,127 was drawn in April and June, 2018 on account of encashment/financial assistance to two widows which was still lying for payments while an amount of Rs.1,012,138 was disbursed to widows late by one month to five months. Audit is of the view that cheque of encashment/financial assistance may be issued directly in the name of widow or in case of time factor involved it should be disbursed immediately after encashment.

The audit pointed out the lapses in July 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to justify the non-payment as well as late payment of encashed amount to the widows besides assurance of payment of un-paid encashed amount.

(PDP No 22443- Senior Member Board of Revenue Punjab, Lahore -2017-18)

3.4.7 Irregular expenditure on account of TA-Rs. 378,857

According to financial propriety necessary steps are initiated to strengthen internal controls to improve compliance with rule and

regulations for enforcement of canons of financial propriety through training, monitoring and accountability of the departmental functionaries.

During audit of the Chief Inspector of Stamps Punjab, Lahore for the period 2016-17, it was observed that the claim of TA was entertained without approved tour programme, employee of other department twice for same month. This resulted incurring of irregular expenditure on account of TA and government sustained loss of Rs. 419,567.

The audit pointed out the lapses in March 2018. The management did not offer any reply.

The matter was further reported to the administrative department. In DAC meeting held in November 2018, the amount of the para was reduced to Rs. 378,857. Further progress was not reported till the finalization of this report.

Audit recommends that the expenditure without tour programme may either be justified or lapse may be regularized from Finance Department.

(PDP Nos.22358 & 22359-Chief Inspector of Stamps, Lahore-2016-17)

Internal control weaknesses

3.4.8 *Non-surrendering of savings-Rs.107.36 million*

As per Rule 17.20 of the Punjab Financial Rules Vol-1, the department incurring the expenditure is responsible to notify the savings and surrenders in time. For this purpose Para 14.3 of Punjab Budget Manual requires that the Heads of Departments should submit to the Finance Department the First Statement of Excesses & Surrenders by 1st January and the Second Statement of Excesses and Surrenders by 31st March.

During scrutiny of expenditure statements of following formations for the period upto 2017-18, it was observed that savings were not

surrendered by the Drawing and Disbursing Officers through their 2nd Statement of Excess & Surrender. Non-adherence to the rules by these offices resulted in lapse of fund. The details are as under:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1	Director Land Record Lahore	22332	76,109,109
2	Senior Member Board of Revenue Punjab Lahore	22441	12,010,227
3	Commissioner Sahiwal	23325	11,607,194
4	Commissioner Rawalpindi	22951	4,309,803
5	Commissioner Gujranwala	22978	1,767,174
6	Commissioner Faisalabad	23382	1,342,000
7	Commissioner Multan	23323	211,236
Total			107,356,743

Audit pointed out the lapse during March to November 2018. No reply was given by the department against Sr. Nos. 1, 2, 3 & 5 while the managements at Sr. Nos.4 & 6 noted observations for compliance and the management against Sr. No. 7 stated that all codal formalities were observed and detailed reply would be submitted later on.

The matter was further reported to the administrative department. In DAC meeting held in November 2018, the para at Sr. No. 1 was kept pending for regularization from the Finance Department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommend that the irregularities may either be justified or got regularized from the Finance Department besides strengthening of supervisory and management controls to avoid such kind of violation of rules.

3.4.9 Non-accountal of stock items-Rs.64.95 million

As per instructions Circulated vide Finance Department, Government of the Punjab letter No.BI-3(125)/2008-09 dated 20.03.2009

regarding accurate recording and accounting of Assets & Liabilities - Collection/Development data base on account of old/historical assets acquired by Ministries/Divisions/Departments as well as instructions contains in the New Accounting Model (NAM) under Project to Improve Financial Reporting and Auditing (PIFRA), the department will maintain a fixed assets register for each category of assets like Land and Buildings, Civil Works, Plants and machinery, Vehicles, Furniture & fixture, office equipments and computer equipments etc.

Contrary to these instructions, during examination of record for the period 2017-18, it was observed that the Commissioner, Bahawalpur had not properly maintained the Fixed Asset & Liability Register as 12 newly purchased vehicles valuing Rs. 64,948,500 were remained unaccounted for in the stock register which indicated weak financial and internal control.

Non-adherence to the rules/government instructions resulted into non-accountal of assets acquired to that extent.

The lapse was pointed out in August 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter needs to be looked into and proper fixed assets & Liability registers are required to be maintained and shown to Audit.

(PDP No. 22736- Commissioner, Bahawalpur-2017-18)

3.4.10 Excess expenditure -Rs.6.83 million

According to Rule 17.15 of the Punjab Financial Rules Vol-1, no Government servant may, without previously obtain an extra

appropriation, incur expenditure in excess of the amount provided for expenditure under the head concerned and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During scrutiny of expenditure statements of the following formations for the period upto 2017-18, it was observed that an amount of Rs.6,828,088 was spent in excess of budget allocation under various heads of expenditure which was a serious financial irregularity on the part of the department:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1	Director Land Record Lahore	22333	3,919,609
2	Commissioner Sahiwal	23326	2,053,884
3	Senior Member Board of Revenue Punjab Lahore	22442	362,838
4	Commissioner Multan	23322	357,435
5	Commissioner Sargodha	22690	133,766
6	Commissioner DG Khan	23155	543,13
Total			6,828,088

Audit was of the view that weak budgetary controls resulted in excess expenditure than budget allocation.

Audit pointed out the irregularity during March to November, 2018. The formations at Sr. No. 5 replied that most of the amount indicated as excess expenditure over budgetary allocation relates to the pay of officers and staff which occurred due to posting transfer of the officers/officials. The formation at Sr. No. 6 stated that detailed reply would be submitted after examination of record while in other cases, no response was given by the DDOs.

The matter was further reported to the administrative department. In DAC meeting held in November 2018, the para at Sr. No. 1 was kept pending for regularization from the Finance Department. As regards remaining paras, the department neither replied nor convened meeting of

the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that irregularity may either be justified or got regularized from Finance Department besides fixing responsibility.

3.4.11 Irregular expenditure on pending liabilities-Rs.3.31 million

As per Rule 2.10 (b) (3) of PFR Vol-I, all charges incurred are drawn and paid at once and are not held up for want of funds and allowed to stand over to be paid from the grant of another year; that money indisputably payable is not left unpaid: and that all inevitable payments are ascertained and liquidated at the earliest possible date. Further, according to rule 17.18 *ibid*, under no circumstances may charges incurred be allowed to stand over to be paid from the grant of another year. While Rule-17.17 *ibid* every DDO is required to maintain a register of liabilities in Form PFR-27 in which he should enter all those items of expenditure for:

- i. Payment is to be made by or through another officer,
- ii. Budget allotment or sanction of a higher authority is to be obtained; or
- iii. Payment would be required partly or wholly during the next financial years

During audit of the following formations for the period 2017-18, it was observed that an amount of Rs.3,308,406 was incurred on the payment of arrears of utilities bills and other liabilities of previous years from the current budget allocation without obtaining additional budget from Finance Department for payment of previous years liabilities. Moreover no liability register was maintained by the DDOs for entrance of outstanding liabilities.

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1.	Commissioner Rawalpindi	22955	2,945,211
2.	Commissioner Bahawalpur	22740	363,195
Total			3,308,406

Audit pointed out the lapse in August and September 2018. The Commissioner, Bahawalpur noted the observation for compliance while no response was given by the other.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to either clarify the position or irregular payment may be got regularized from the competent authority besides maintaining the prescribed liability register.

Recoveries and overpayments

3.4.12 Non-deduction of sales tax from suppliers- Rs.3.03 million

According to Rule 2 of the Sales Tax Special Procedure (Withholding) Rules 2007 (SRO 607/07) as amended up to 30.06.2015, a withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him.

During audit of Board of Revenue for the period upto 2017-18, it was observed that the department failed to deduct the amount of sales tax to the tune of Rs. 3,025,219 which was deductible at the time of payment made to the suppliers of goods/stores. The details are as under:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1	Commissioner, Rawalpindi	22954	2,667,344
2	Director, Land Record Lahore	22336	196,372
3	Commissioner, Rawalpindi	22960	161,603
Total			3,025,319

Audit was of the view that weak financial controls on taxation resulted in non-deduction of GST.

Audit pointed out the lapses in March and September 2018. The managements did not offer any reply.

The matter was further reported to the administrative department. In DAC meeting held in November 2018, the paras at Sr. Nos. 2 was kept pending for compliance. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends to either justify the irregularity or recover the amount pointed out from the suppliers besides strengthening of internal controls.

3.4.13 Non-recovery of excess consumption of POL- Rs.1.12 million

As per Notification No.MTO (S&GAD)AT-II dated 22.09.1999, issued by the Services & General Administration Department, Government of the Punjab, Lahore, POL limit for Official use of vehicles of the following officers has been revised to control over the POL expenditure:

Sr. No.	Designation	Revised rates
1.	Secretary to Govt. of the Punjab	from 150 to 200 Liters
2.	Additional Secretary to Govt. of the Punjab	from 125 to 175 Liters
3.	Deputy Secretary to Govt. of the Punjab	from 125 to 150 Liters
4.	Staff Officers to SS/ ACS	from 125 to 200 Liters

During examination of accounts of the following offices of the Punjab Board of Revenue for the period 2017-18, it was observed that POL was consumed by the officers in allotted vehicles in excess than

prescribed ceiling/limits fixed by the Government. This resulted into excess drawl of POL to the extent of Rs. 1,119,976:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1	Commissioner Rawalpindi	22958	220,499
2	Commissioner Multan	23320	218,898
3	Commissioner Sahiwal	23330	200,996
4	Commissioner DG Khan	23146	183,305
5	Commissioner Sargodha	22682	154,015
6	Commissioner Bahawalpur	22746	86,850
7	Commissioner Gujranwala	22983	55,413
Total			1,119,976

Audit was of the view that weak supervisory and financial controls resulted in excess drawl of POL.

Audit pointed out the irregularity during July to November 2018. The management at Sr. No.5 replied that the Commissioner who is grade 20/21 officer being the head of Division usually has to attend the emergent meeting arranged by him or by the higher ups within the area of jurisdiction and stated against Sr.No. 2 that all codal formalities have been done and detailed reply would be submitted at the time of annotated reply while noted the observations for compliance by formations at Sr. Nos. 1, 4&7. No response was given by the formations at Sr. Nos. 3&6.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to either justify the position or recovery be made from the official/ officer concerned.

**3.4.14 Non-deposit of room rent/charges of circuit house-
Rs.187,500**

As per Rule 4.1 of PFR Vol-I, it is ordinarily the duty of the Revenue Department concerned and not of the Audit Department to see that the dues of Government are regularly paid into the treasury. The departmental controlling officers should accordingly see that all sums due to Government are regularly received and checked against demands, and that they are paid into the treasury.

During audit of accounts of the Commissioner, Bahawalpur for the year 2017-18 it was observed that Circuit House's receipts/charges were not deposited into government treasury by the department. This resulted into loss of government revenue due to non-deposits of receipts amounting to Rs.187,500 which indicates weak financial and internal control.

Audit pointed out the lapse in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the position or deposit the amount pointed out besides ensuring the non-occurring of such kind of irregularity in future.

(PDP No 22743- Commissioner Bahawalpur-2017-18)

Others

**3.4.15 Loss of Government due to non-retrieval of state land-
Rs. 9.84 million**

As per Rule 2.10(1) of PFR Vol-I, same vigilance should exercise in respect of expenditure incurred from Government revenues as a person

of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of the accounts of Commissioner Bahawalpur Division, Bahawalpur for the period 2017-18, it was observed that state land was neither retrieved from the illegal occupants nor it was auctioned in certain cases. This resulted into loss of government revenue due to non-retrieving/auction of state land valuing of Rs 9,840,000 (approx.)

Audit pointed out the lapse in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to clarify the status of land or to take appropriate action to safeguard the government revenue.

(PDP No. 22737- Commissioner Bahawalpur-2017-18)

3.4.16 Loss to government due to non-auction of unserviceable items-Rs.2.03 million

According to Rule 15.18 and 15.21(5) of PFR Vol-I, the balances of store must not be held in excess of the requirements of a reasonable period or any prescribed maximum limit as the accounting for and maintenance of unserviceable store which cannot be utilized by the department, involve waste of labor and space. The retention of store in excess of probable requirement of the department may result in loss to government through deterioration.

During examination of record of the following formations for the period upto 2017-18, it was observed that unserviceable items, the

estimated value of which was Rs.2,032,989 but the same was not auctioned/ disposed of. This resulted into loss to government to that extent due to non-auctioning of unserviceable items. Audit was of the opinion that non-disposal of unserviceable items is resulting in further devaluation which may cause additional loss:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1	Commissioner Gujranwala	22980	1,000,000
2	Senior Member Board of Revenue Punjab Lahore	22445	500,000
3	Director land record Lahore	22335	300,000
4	Senior Member Board of Revenue Punjab Lahore	22450	75,000
5	Commissioner Gujranwala	22984	54,800
6	Commissioner Sahiwal	23331	50,000
7	Senior Member Board of Revenue Punjab Lahore	22451	24,192
8	Deputy Secretary Colony (Accounts Thal) Lahore	22330	15,000
9	Deputy Secretary Colony (Accounts Thal) Lahore	22331	13,997
Total			2,032,989

The audit pointed out the lapses during February to November, 2018. The managements noted the observation for compliance against Sr. Nos. 1 & 5 while no response was given by the department in other cases.

The matter was further reported to the administrative department. In DAC meeting held in November 2018, the para at Sr. Nos. 3, 8 & 9 were kept pending for compliance. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends either to justify the position or take immediate steps for auction of un-serviceable items besides strengthening the internal controls.

CHAPTER 4

COOPERATIVES DEPARTMENT

4.1 *Introduction*

Cooperatives Department is essentially concerned with the cooperative societies and cooperative banks for greater socio-economic progress. With this objective, the department not only protects the rights of societies but also facilitates the people. The department is headed by a Secretary. He is the administrative head of the department and is assisted by Additional Secretaries, Deputy Secretaries, Section Officers and a Computer Programmer in the discharge of his official duties. The main functions of the department are as under:

- The department is responsible to facilitate people in formation of cooperative societies.
- Guide the members about the cooperative principles.
- Introduce/promote thrift among members.
- Provide training to the workers.
- Ensure compulsory savings.
- Supervise/monitor the working of the cooperatives.
- Conduct/arrange audit.
- Inquiries/inspections.
- Recovery of loans.
- Arbitration of disputes.
- Liquidation of Societies.

4.2 *Comments on Budget & Accounts (Variance Analysis)*

Introduction

The Appropriation Accounts for the year 2017-18 of Cooperatives Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	32.165	4.227	36.392	36.440	0.048
PC21021	1,080.550	158.912	1,239.462	1,252.221	12.759
PC21036	70.000	(37.395)	32.605	32.219	(0.386)
Total	1,182.715	125.744	1,308.459	1,320.880	12.421

Overview of Expenditure

The final budget of Cooperatives Department for the year ended 30 June, 2018 was Rs. 1,308.459 million. Out of this, actual expenditure was Rs. 1,320.880million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	1,112,715,000	1,288,661,661	175,946,661	15.81
Development	70,000,000	32,218,570	(37,781,430)	53.97
Total	1,182,715,000	1,320,880,231	138,165,231	11.68

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	1,275,854,000	1,288,661,661	12,807,661	1.00
Development	32,605,000	32,218,570	(386,430)	1.19
Total	1,308,459,000	1,320,880,231	12,421,231	0.95

Anticipated savings not surrendered

According to the rules laid down in Chapter 14 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department whenever the savings are anticipated. However, savings amounting to Rs. (0.386) million at the close of the year 2017-18 under grants PC22036 were not surrendered in time by the department.

Excess expenditure requiring regularization

As per Para 13.2 (ii) of Punjab Budget Manual, the total expenditure incurred on a purpose does not exceed the grant or grants provided for that purpose. However, excess expenditure amounting to Rs.12.807 million for the year 2017-18 under grant PC21010 & PC21021 had not been got regularized so far. This was breach of legislative control over appropriations.

4.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1.	1986-87	09	07	02	78
2.	1987-88	03	0	03	0
3.	1988-89	05	01	04	20
4.	1989-90	02	0	02	0
5.	1993-94	01	0	01	0
6.	1999-00	23	08	15	35
7.	2011-12	03	0	03	0
Total		46	16	30	35

The compliance with PAC Directives in Cooperatives Department needs to be improved as compliance on 65% of the paras has not yet been made.

4.4 AUDIT PARAS

Non-production of record

4.4.1 *Non production of record*

As provided in section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22nd February, 1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/ Chief Secretary.

During audit of Cooperative Department, following auditable record was not produced to Audit despite requests:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of record
1	Registrar Cooperative Societies, Lahore	2016-17	25472	Vouchers and allied record
2	Secretary Cooperatives Department, Lahore	2016-17	28899	Log books, POL register, average consumption certificate

Audit was of the view that due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was pointed out in May 2018. The management at Sr. No. 1 replied that record is available and will be produced at the time of verification. The reply was not acceptable as production of record after close of audit loses its significance. The management at Sr. No. 2 noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit requires production of record besides fixing responsibility for non production of record.

Irregularities & non-compliance

4.4.2 Unauthorized mode of payments-Rs.6.83 million

As required in Rule 4.49(a) of Punjab STR read with Government of the Punjab Finance Department letter No. F.D (FRV-6/75(P) dated 20.06.2007, all payments (exceeding Rs.100,000) should be made through bank/pay order instead of cash.

During audit of Cooperatives Department, it was observed that payments amounting to Rs.6,830,935 were made in cash instead of making payments through cheques/bank pay order in violation of the above government instructions. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Lady Assistant Registrar, Cooperative Societies, Pb. Lahore	2015-17	25762	3,830,700
2	Registrar Cooperative Societies, Lahore	2016-17	25477	2,076,709
3	Secretary Cooperatives Department, Lahore	2016-17	28896	923,526
Total:				6,830,935

Audit was of the view that non observance of government instructions resulted in irregular mode of payment.

The matter was pointed out in May 2018. The managements at Sr. Nos. 1 & 3 noted the observation for compliance. The management at Sr. No. 2 replied that cheques pertained to petty amounts of different heads. The reply was not acceptable as it was not supported with evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should seek condonation of irregularity from the Finance Department.

4.4.3 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.5.88 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 (ibid), a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Furthermore, as per Rule 12(1) (ibid), a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper.

During audit of Cooperatives Department, it was observed that expenditure to the extent of Rs.5,878,103 was incurred on purchases under

various heads of accounts without observing above stated rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
1	Registrar cooperatives Societies, Lahore	2016-17	25475	Split up the expenditure to avoid open tender-PPRA website	3,534,112
2	Registrar cooperatives Societies, Lahore	2016-17	25476	Split up the expenditure to avoid advertisement in newspaper; result of bid evaluation was not advertised and committee to address the grievance of bidders was not constituted	2,343,991
Total					5,878,103

Audit was of the view that non observance of PPR 2014 led to a non transparent process of procurement.

The lapses were pointed out to concerned formations during May 2018. The managements at Sr. Nos. 1 & 2 stated that the detailed replies will be submitted after consulting record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be probed to fix the responsibility besides regularization of the expenditure.

4.4.4 Irregular payment of travelling allowance – Rs.563,035

As per Rule 2.1 (a) of PFR Vol-I, every Government Servant is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the relevant account as well as for the correctness of the account in every respect. The private

cash or accounts of members of the office or department should not be mixed up with the public cash or accounts.

During audit of Lady Assistant Registrar, Cooperative Societies, Lahore for the period 2015-17, it was observed that an expenditure was incurred on disbursement of travelling allowance amounting to Rs.563,035 but neither sanction orders were enclosed with paid T.A. vouchers nor produced to audit for scrutiny. Furthermore, receiving/acknowledgement of actual payee officials was not available on record. In absence of sanction orders the payment of T.A. vouchers could not be considered as legitimate.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into and the expenditure be regularized from the Finance Department besides strengthening of internal controls to avoid recurrence of such lapse in future.

(PDP No.25763 – Lady Assistant Registrar, Cooperative Societies, Pb. Lahore – 2015-17)

Performance

4.4.5 Non recovery of outstanding loans- Rs.68.47 million

As per Registrar Cooperatives Department/President Punjab Provincial Cooperative Banks circular No.24/2004 dated 24.2.2004, the micro loans extended for the purpose of economic uplift of women are to be recovered within a period of two years with 10% markup thereon. In

case of default in payment of loans, fine of default shall also be recovered @ 2% from defaulter. Moreover, as per section 65(1) of the Cooperative Societies Act 1925, all sums due from a society or from an officer or member or past member of a society as such to Government, may be recovered according to the law and under the rules for the time being in force for the recovery of arrears of land revenue and as per sub section (2) of section (65) sums due from a society to Government and recoverable under sub-section (1) may be recovered, firstly from the property of the society; secondly, in the case of a society of which the liability of the members is limited, from the members or past members subject to the limit of their liability; and, thirdly, in the case of ether societies, from the members or past members.

- a) During audit of Lady Assistant Registrar, Cooperative Societies, Lahore for the period 2015-17, scrutiny of loans granted up to 2007 and recovery position revealed that total amount of paid loans was Rs.105.68 million and interest thereon was Rs.71.39 million. However, Rs.112 million were recovered leaving balance of Rs. 65 million. The details are as under:

(Rupees in million)

Name of Division	Number of Societies	Principal Amount	Interest	Total	Recovered	Balance (Rs.)
Lahore	416	71.433	61.501	132.934	74.836	58.098
Gujranwala	138	27.222	7.940	35.162	28.651	6.511
Rawalpindi	22	3.700	1.159	4.859	4.756	0.103
Faisalabad	18	3.333	0.798	4.131	3.761	0.370
Total	594	105.688	71.398	177.086	112.004	65.082

- b) Scrutiny of record of the Industrial Assistant Registrar, Co-operative Societies, Lahore for the period 2015-17 revealed that loans amounting to Rs.3,387,678 were outstanding against the societies. The detail pertaining to principal amount and markup upto year 1991 was not submitted / intimated to Audit for proper scrutiny. Moreover, no

register for record had been maintained which shows particulars of each society i.e. name of society, amount of loan, markup/ interest, allotted year of grant etc. The detail of outstanding loans was taken from the statements maintained by Punjab Provincial Cooperative Bank Limited, Lahore and by the Assistant Registrar Cooperative Societies, Lahore. These issues had already been pointed out in last audit conducted during 2013-15 but no compliance was made.

Audit was of the view that ineffective recovery mechanism and weak supervision/monitoring system caused delay in recovery of loans and markup.

When pointed out the matter during May 2018, the management relating to (a) noted the observation for compliance. As regards (b), the management replied that function of their office had been curtailed to the extent of adjustment whereas loans were executed by Punjab Provincial Cooperative Bank Limited. Hence, the Para relates to Punjab Provincial Cooperative Bank Limited, Lahore.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should devise effective recovery mechanism besides taking concrete steps for early recovery of outstanding loans and maintain the record properly.

(PDP No.25760 – Lady Assistant Registrar, Cooperative Societies, Pb. Lahore – 2015-17)

(PDP No.25470 – Industrial Assistant Registrar Cooperative Societies, Lahore – 2015-17)

Internal Control Weakness

4.4.6 *Non-surrendering of savings-Rs.2.47 million*

According to Para No. 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Industrial Assistant Registrar, Cooperative Societies, Lahore for the period 2015-17, it was observed that an amount of Rs. 2,472,012 was lapsed due to non-surrendering of savings well in time.

Audit was of the view that weak internal controls resulted in non-surrendering of savings.

The matter was pointed out in May 2018. The management replied that this office forwarded excess and surrender statement but no response was received.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned with the sanction of the competent authority.

(PDP No.25469 – Industrial Assistant Registrar Cooperative Societies, Lahore – 2015-17)

Recoveries and overpayments

4.4.7 *Unjustified/doubtful payment of inadmissible allowances-Rs. 439,608*

According to revised pay scales of 2016 notified vide Finance Department Notification No. FD.PC.2-1/2006 dated 18.07.2016, Adhoc

Relief Allowances of 2013, 2014 and 2015 ceased to exist with effect from 01.07.2016. Moreover, Local Compensatory Allowance, Fixed Contingent/Stationary Allowance, Instructional Allowance, Orderly Allowance, Special Conveyance Allowance, Administrative Allowance, Secretariat Allowance, Special Allowance, Special Travelling Allowance, Ration Allowance, Constabulary Allowance and Session Allowance were not admissible to employees of Registrar, Cooperative Societies.

During audit of Registrar, Cooperative Societies Punjab, Lahore for the financial year 2016-17, scrutiny of expenditure statement revealed that an amount of Rs. 439,608 had been paid on account of inadmissible allowances. The payment of inadmissible allowances was therefore held unjustified/doubtful. The detail is as under:

Sr. No.	Head	Allowances	Amount (Rs.)
1.	A01206	Local Compensatory Allowance	725
2.	A01218	Fixed contingent/Stationary Allowance	80,161
3.	A0121A	Adhoc Relief Allowance 2011	28,440
4.	A0121M	Adhoc Relief Allowance 2012	69,269
5.	A0121T	Adhoc Relief Allowance 2013	49,448
6.	A0121Z	Adhoc Relief Allowance 2014	21,854
7.	A01225	Instructional Allowance	5,000
8.	A01228	Orderly Allowance	20,129
9.	A0122C	Adhoc Relief Allowance 2015	20,374
10.	A0122N	Special Conveyance Allowance	5,000
11.	A0122R	Administrative Allowance	56,000
12.	A01235	Secretariat Allowance	10,832
13.	A01239	Special Allowance	34,374
14.	A01243	Special Travelling Allowance	36,000
15.	A01260	Ratian Allowance	2,002
Total			439,608

Audit was of the view that weak internal controls over payroll resulted in unjustified and doubtful payment of allowances.

The irregularity was pointed out during May 2018. The management replied that detailed reply would be given after scrutiny of

relevant record but no such reply was received till finalization of this report.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that payment of in-admissible allowances be stopped, stated amount be recovered from the concerned and internal controls over payroll be strengthened to avoid such lapse in future.

(PDP No.25478 – Registrar Cooperative Societies, Lahore – 2016-17)

4.4.8 *Doubtful/irregular expenditure due to non accountal of POL-Rs. 408,859*

According to Rule 2.32 (a) of PFR Vol-I, it is not sufficient that a government servant accounts should be correct to his own satisfaction. He has to satisfy not only himself but also the Accountant General that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an amount is correct in all respects. It is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case, even though such enquiry may be as to the economy or the bona fide of the transactions. Moreover, according to Finance Department letter No. FD (M.R) MW/1-4/92 dated 26.09.1992, PAC-I in its meeting held on 04.08.1992 directed that if the entries in the stock register are not present at the time of audit or if the record is not shown to audit, the entries made and record produced afterwards would not be accepted.

During audit of Registrar, Cooperative Societies Punjab, Lahore for the period 2016-17, it was observed that estimated expenditure

amounting to Rs. 408,859 was incurred on purchase of POL for generator but POL was not accounted for in log book. Due to non accountal of POL, the authenticity of expenditure could not be verified. The expenditure so incurred was therefore held irregular/doubtful. The details are as under:

Sr.No.	Name of Firm	Cheque No.	Dale	Head	Amount Rs.
1.	Ravi Service Station	2971534	21.06.17	A03807	373,020
2.	Ravi Service Station	2997252	24.06.17	A03807	35,839
Total					408,859

The irregularity was pointed out in May 2018. The management replied that the matter would be looked into and reply would be given accordingly but no such reply was received till finalization of this report.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed to fix responsibility besides recovery of stated amount from the responsible.

(PDP No.25479 – Registrar Cooperative Societies, Lahore – 2016-17)

Others

4.4.9 Blockage of funds due to non issuance of loans-Rs. 60 million

According to Order No. E & A (COOP) 9-29/2011 (V-I) dated 21.06.2017 and AG Punjab letter No. R & C/HM-5517 dated 29.06.2017, funds amounting to Rs. 60,000,000 were placed for scheme titled “Interest Free Medium Term Loans for Barani Areas” in the revolving fund and transferred to Cooperative Department, Lahore Account No. 14500200004401 (to be operated by Registrar Cooperatives) maintained with Punjab Cooperative Bank Limited.

During audit of Registrar, Cooperative Societies Punjab, Lahore for the period 2016-17, it was observed that funds amounting to Rs.60,000,000 received for issuing loans were lying un-utilized in the bank despite lapse of almost one year resulting into blockage of funds which could have been utilized on other projects. Other details/whereabouts of these funds (type of bank account, any amount of interest received, present status and number of applications received for loans etc.) were not made known to Audit because no bank statement, supporting record and correspondence other than sanction and transfer letter was provided for scrutiny. Only a certificate showing that the amount was lying un-utilized was provided to Audit at the time of close of audit.

Audit was of the view that lapse was occurred due to weak supervisory and internal controls.

The irregularity was pointed out during May 2018. The management replied that the matter was under process and progress would be shown to Audit. The reply was not acceptable as it was not supported with documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should take appropriate steps for utilizing funds in shape of issuance of loans at the earliest.

(PDP No.25473 – Registrar Cooperative Societies, Lahore – 2016-17)

4.4.10 Payments on doubtful invoices-Rs.185,600

Section 23(1) of Sales Tax Act, 1990 provides that a registered person making a taxable supply shall issue a serially numbered tax invoice on prescribed form at the time of supply of goods containing the

particulars namely (a) name, address and registration number of the supplier; (b) name, address and registration number of the recipient; (c) date of issue of invoice; (d) description and quantity of goods; (e) value exclusive of tax; (f) amount of sales tax; and (g) value inclusive of tax.

During audit of Secretary Cooperatives Department, Lahore for the period 2016-17, it was observed that payments amounting to Rs.185,600 were made on dateless invoices due to which the authenticity of expenditure incurred and deposit of sales tax into government treasury could not be verified. The payments so made were therefore held doubtful.

Audit was of the view that weak internal and supervisory controls led to payment on dateless invoices.

The irregularity was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed besides strengthening of internal controls to avoid such lapses in future.

(PDP No. 28898–Secretary Cooperatives Department, Lahore – 2016-17)

CHAPTER 5

ENVIRONMENT PROTECTION DEPARTMENT

5.1 *Introduction*

Environment Protection Department, Government of the Punjab being an administrative body, works in accordance with its functions as defined under the Punjab Government Rules of Business 2011.

The functions of Environmental Protection Department are as under:

- Administer laws, rules and regulations relating to the environment within the province.
- Evaluate Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) of new projects and issue No Objection Certificates (NOCs).
- Provide information and create awareness in public for environmental issues.
- Enforce National Environmental Quality Standards (NEQS) to control pollution.
- Coordinate environmental policies and programs with the Federal Government as well as with other provincial governments.
- Establish systems for surveys, surveillance and monitoring of the pollutants and maintain laboratory for testing and monitoring.
- Take measures to promote sustainable development and provide information on environment friendly technology; and provide Ambient Air Quality Testing & Monitoring facilities.

5.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Environment Protection indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	51.850	(6.180)	45.670	45.014	(0.656)
PC21017	401.764	2.371	404.135	354.244	(49.891)
PC22036	540.000	(412.158)	127.842	63.667	(64.175)
Total	993.614	(415.967)	577.647	462.926	(114.722)

Overview of Expenditure

The final budget of Environment Protection for the year ended 30 June, 2018 was Rs. 577.647 million. Out of this, actual expenditure was Rs. 462.926 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	453,614,000	399,258,148	(54,355,852.00)	11.98
Development	540,000,000	63,667,360	(476,332,640.00)	88.21
Total	993,614,000	462,925,508	(530,688,492.00)	53.41

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	449,805,000	399,258,148	(50,546,852)	11.24
Development	127,842,000	63,667,360	(64,174,640)	50.20
Total	577,647,000	462,925,508	(114,721,492)	19.86

Anticipated savings not surrendered

According to the rules laid down in Chapter 14 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department whenever the savings are anticipated. However, savings amounting to Rs. (114.722) million at the close of the year 2017-18 under grant PC21010, PC21017 & PC22036 were not surrendered in time by the department.

5.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	No. of Paras in which Compliance received	No. of Paras in which Compliance not Received	Percentage
1	1999-00	13	10	3	77
2	2001-02	18	2	16	11
3	2005-06	4	2	2	50
4	2010-11	12	0	12	0
5	2012-13	9	1	8	12
Total		56	15	41	27

Compliance with PAC directives in Environment Protection Department for the audit years 2001-02, 2010-11 and 2012-13 is not adequate in contrast to the compliance percentage in other years. The department needs to address the situation.

5.4 AUDIT PARAS

Non production of record

5.4.1 *Non production of record*

As per Section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22.04.1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

During audit of Environment Protection Department, following auditable record was not produced to Audit despite requests:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Record
1	Director General Environment Protection Agency, Lahore	2016-17	24715	Payrolls, Schedule of payments and budget file
2	Deputy Director Lab EPA o/o the DG Environment Protection Agency, Lahore	2016-17	24729	Payrolls, Schedule of payments and budget file
3	Secretary Environment Protection Department, Lahore.	2016-17	24539	Log books
4	Director General Environment Protection Agency, Lahore	2016-17	24718	Log books

Audit was of the view that due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was pointed out in March 2018. The managements at Sr. No. 2 to 4 noted the observation for compliance. The management at Sr. No. 1 replied that AG Punjab shall be requested to provide the payroll.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

Irregularities & non-compliance

5.4.2 Irregular and wasteful expenditure on purchase of Compact Ambient Air Quality Monitoring Station Type-I, Type-II and Calibrator-Rs. 84.53 million

As per Rule 59 (v) of Punjab Procurement Rules 2014, a procuring agency shall only engage in direct contracting in case of an emergency but the procuring agency shall specify appropriate I vested with necessary authority to declare an emergency. The Government of Pakistan, P&D Division vide letter No. 21(40) /PIA/PC/200 dated 26.05.2007 has directed that executing agency should start preparing the revised scheme immediately when it is known that the cost of the scheme is going to rise beyond permissible limit of 15 % and in future revised PC-I received in Planning & Development Division for ex-post-facto approval would not be entertained and returned without taking any further action. As per decision of ECNEC mentioned at Sr. No. 9 of “Guidelines for Project Management” issued by the Projects Wing of Planning Commission, Government of Pakistan (August 2008), if there is a major change in the scope of work or increase in the approved cost by more than 15 %, then the project has to be revised and submitted for approval by the competent authority

Scrutiny of the accounts of Deputy Director Implementation Wing Environment Protection Agency Lahore, for the financial year 2016-17, it was noticed that an amount of Rs. 84,534,000 was spent by the department on purchase of Compact Ambient Air Quality Monitoring Station Type-I, Type-II and Calibrator from M/s Chemtech International (Pvt.) Ltd. Karachi without approval of Smog policy from EPD, Government of the Punjab. The purchase was made vide order no.AD.(IMP)/EPA/24/2016 dated 13. 03.2017 and delivery challan No.ZB/Y2017 0343-680 dated 29.05.2017. Moreover, no installation/functioning report in respect of 4 cities of Punjab was available uptill May, 2018.

The expenditure was held irregular on the following grounds.

1. Evidence for advertisement on PPRA website was not available for audit verification.
2. Approved estimate for Compact Ambient Air Quality Monitoring Station Type-I, Type-II and Calibrator was not made available to audit for verification.
3. Price reasonability certificate as required in advance acceptance of tender dated 16.02.2016 and experience certificate of the supplier was not available on record.
4. Inspection report of technical committee showing specifications of approved estimates, and actual purchased specifications was not available for verification.
5. No TORs regarding bidders in bidding document was made available. Seven tender documents were sold by the department and only 2 bidders offers and both were responsive as per technical bid.

6. No Survey report of Air Quality Monitoring Stations was specified in PC-I.
7. Site training schedule to EPA designated staff was not made available.
8. Neither progress report as per standard of P&D department was made available nor PC-IV of scheme “Installation of Ambient Air quality Monitoring Station” was made available for audit verification.

Audit was of the view that the lapse occurred due to weak administrative controls.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to seek regularization of the expenditure from the Finance Department.

(PDP No.24664& 24665 – Deputy Director (Imp.) EPD Lahore – 2016-17)

5.4.3 Irregular expenditure on POL and repair of vehicles -Rs.5.98 million

According to Rule 11 of the Punjab Delegation of Financial Powers Rules, 2016, the sanctioned strength of vehicles/motorcycles/scooters in an administrative department/functional unit shall be approved by the Finance Department to keep the number of vehicles/ motorcycles/scooters in a Department in line with the valid need.

During audit of Director General Environment Protection Agency Lahore, for the period 2016-17, it was observed that 44 vehicles fleet consisting of Toyota Corolla, Hilux, Suzuki Cultus, Bolan and Toyota Hiace remained under the use of the staff of Director General Environment Protection Agency during the period under audit without obtaining the sanctioned strength of vehicles from Finance Department. Thus, the expenditure incurred on POL and repair of vehicles was held irregular. The details are as under:

No. of vehicles used	Cost of POL used (Rs.)	Cost of repair of Vehicles (Rs.)	Total (Rs.)
44	4,439,082	1,545,324	5,984,406

Audit was of the view that disregard to the rules and regulations resulted in irregular expenditure on POL and repair of vehicles.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should obtain the sanctioned strength of the vehicles and seek regularization of the expenditure from the Finance Department.

(PDP No.24725 & 24731 – Director General Environment Protection Agency, Lahore – 2016-17)

5.4.4 Un-authorized and irregular expenditure on maintenance of vehicles over and above the sanctioned strength-Rs.1.50 million

As per Note-2 under Rule 11 Punjab Delegation of Financial Powers Rules 2016, the sanctioned strength of vehicles/ motorcycles/ scooters in an administrative department/ functional unit shall be approved by the Finance Department. Moreover, as per Government of the Punjab,

S&GAD letter No. MTO (S&GAD)AT-II/2-9/2006, dated 22.04.2008, one vehicle may be retained for three sanction officers/ equivalent officers to cater for their requirement to attend various meetings outside the office from time to time.

During audit of Secretary Environmental Protection Department, Lahore for the period 2016-17, it was observed that the sanctioned strength of the vehicles was not available with the department. Ten vehicles were being maintained by the department and POL costing Rs. 1,499,985 was consumed. In the absence of the sanctioned strength of the vehicles, the consumption of the POL was held unauthorized. Moreover, it was observed that four vehicles were retained for general pool/duty against working/sanctioned strength of one Section Officer. Hence, the expenditure on purchase of 3423 litre POL valuing Rs. 239,610 on three additional vehicles was held unauthorized. The details are as under:

Sr. No.	Vehicle No.	Model/ Make	Description	POL Consumed During F.Y2016-17	Remarks
1	LEG-2138	Suzuki Cultus	General Duty	518	Authorized POL on One Vehicle
2	LRW-3578	Suzuki Baleno	General Duty	1263	Un-authorized/ burden of vehicles on POL of 3423 Litre
3	LEG155	Suzuki Alto	General Duty (SO-G)	1044	
4	LEG-1004	Suzuki Cultus	General Duty (SO-T)	1116	

Audit was of the view that weak financial and internal controls resulted in irregular expenditure.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter to fix responsibility for irregular drawl and regularization of expenditure from competent authority.

(PDP No.24540 – Secretary Environment Protection Department, Lahore- 2016-17)

5.4.5 Irregular award of tender without obtaining performance guarantee-Rs.4.30 million

According to Contract Condition Clause 26 (A) in case the total tender amount is less than 5% of the approved estimated (DNIT) amount, the lowest bidder will have to deposit additional performance security from the scheduled Bank ranging from 5% to 10% , within 15 days of issuance of notice or within expiry period of bid, whichever is earlier.

During audit of Deputy Director (Implementation) of Environment Protection Agency, Lahore for the period 2016-17, it was observed that contrary to the stated provision department accepted the bank draft @ 2% bid security and 3% demand guarantee. No documentary evidence of performance guarantee was produced to audit for verification. Moreover, tender notice dated 20.09.2016 in Daily Times did not support the stated FD instruction regarding performance guarantee as mentioned at serial 5 & 6, performance guarantee in favor of DG EPA Punjab in the form of Bank draft/pay order by the successful bidder, in addition to bid security 2% of bid price.

Audit was of the view that above lapse was occurred due to weak financial controls of the management.

The matter was pointed out in May 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends the irregularity be got condoned from the Finance Department.

(PDP No.24663 – Deputy Director (Imp.) EPD Lahore – 2016-17)

5.4.6 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.2.86 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9(ibid), a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Furthermore, as per Rule 12(1) (ibid), a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper.

During audit of Environment Protection Department, it was observed that expenditure to the extent of Rs.2,857,638 was incurred on purchase of stationery, furniture & fixture, and repairs of machinery, equipment, transport etc. without observing above stated rules.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
1	Secretary Environment Protection Department, Lahore.	2016-17	24541	Repair of transport without advertisement on PPRA website	798,497

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
2	Director General Environment Protection Agency, Lahore	2016-17	24713	Repair of Machinery & Equipment without advertisement on PPRA website	709,019
3	Secretary Environment Protection Department, Lahore.	2016-17	24542	Purchase of Stationery on quotations by split up the expenditure to avoid open tender/PPRA Web Site	699,942
4	Director General Environment Protection Agency, Lahore	2016-17	24723	Purchase of stationery without advertisement on PPRA website	287,089
5	Director General Environment Protection Agency, Lahore	2016-17	24724	Repair of Furniture & Fixture without advertisement on PPRA website	243,837
6	Deputy Director Lab EPA o/o the DG Environment Protection Agency, Lahore	2016-17	24728	Purchase of stationery without advertisement on PPRA website	119,254
Total					2,857,638

Audit was of the view that non observance of PPR 2014 led to a non transparent process of procurement.

The lapses were pointed out to concerned formations during May 2018. The managements at Sr. Nos. 1, 3 & 6 noted the observations for compliance. The managements at Sr. Nos. 2, 4 & 5 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter to fix the responsibility besides seeking regularization of the expenditure.

5.4.7 Irregular purchases without observing provision of PC-I- Rs. 1.76 million

The approved PC-I of the scheme “Installation of Ambient Air Quality Monitoring Stations in 4 cities in the Punjab” contains the provisions of 05 Ambient Air Quality Monitoring Stations and one Calibrator.

Scrutiny of the accounts of Deputy Director Implementation Wing Environment Protection Agency Lahore for the period 2016-17, it was noticed that an amount of Rs.1,760,000 was spent on purchase of 5 UPS including batteries from M/s E.I.T enterprises Lahore vide invoice No.493 dated 19.6.2017 without observing provision of scheme. Hence, installation report needs justification. Expenditure held irregular being against the provision of PC-I in matter of installation in different regions.

Audit was of the view that above lapse was occurred due to weak financial controls of the management.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends the irregularity may be got condoned from the Finance Department.

(PDP No.24662 – Deputy Director (Imp.) EPD Lahore – 2016-17)

5.4.8 Irregular use of government vehicles- Rs.435,978

As per Rule 2.31(a) of PFR Vol-1, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, fraud and misappropriation.

During audit of Director General Environment Protection Agency, Lahore for the period 2016-17, it was observed that government vehicles were used by the un-entitled officials. The details are as under:

Sr. No.	Particulars of user	Vehicle No.	Make	Petrol used (Litres)	Amount (Rs.)
1.	Minister for Environment	LEG-147	Toyota Corolla	1685	112,199
2.	PS to Secretary	LEG-6369	Suzuki Cultus	490	31,932
3.	PS to Secretary	LEG-1054	Suzuki Cultus	460	33,230
4.	PSO to Secretary	LEG-1751	Suzuki Cultus	246	15,940
5.	Director (Admn.)	LEG-147	Toyota Corolla	315	23,394
6.	Deputy Director (Legal)	LEG-2187	Suzuki Cultus	1632	112,316
7.	Assistant Director (P&C)	LXE-1054	Suzuki Mehran	737	50,436
8.	Assistant Director (IT)	LEG-1651	Suzuki Mehran	835	56,531
Total					435,978

Audit was of the view that above lapse was occurred due to weak financial controls of the management.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the stated amount be recovered from the concerned.

(PDP No.24719 – Director General Environment Protection Agency, Lahore – 2016-17)

Performance

5.4.9 Non formulation of rules of Punjab Environmental Council

As per Section 3 of Punjab Environmental Protection Act, 1997, the Government shall establish a Council “The Punjab Environmental Protection Council” consisting of twenty eight members including Chief Minister of Punjab or his nominee as Chairperson. The term of other than

ex-officio members shall be three years. The Council shall frame its own rules of procedure. The Council shall hold meetings as and when necessary but not less than two meetings shall be held in a year. The Council may constitute committees of its members and entrust them with such function as it may deem fit and recommendations of the committees shall be submitted to the Council for approval.

During audit of Director General Environmental Protection Agency Lahore for the period 2016-17, it was observed that the Council had not framed its own rules of procedure.

The matter was pointed out in May 2018. The managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that rules of Punjab Environmental Council may be framed.

(PDP No.24720 – Director General Environment Protection Agency, Lahore – 2016-17)

5.4.10 Non establishment of the Provincial Sustainable Development Fund

As per section 9 of Punjab Environment Protection Act, 1997 the Government shall establish a Provincial Sustainable Development Fund. The said Fund shall be derived from grants made are loans advanced by government are Federal Government, aid and assistance, grants, advances, donations, other non-obligatory funds received from foreign governments, national or international agencies and NGO, contributions from private organizations and persons. The said Fund Shall be utilized in accordance with such procedure as may be prescribed for providing financial assistance to the projects designed for the protection, conservation,

rehabilitation and improvement of the environment, the prevention and control of pollution, the sustainable development of resources and for the research in any specified aspect of environment.

During audit of Director General Environmental Protection Agency Lahore for the period 2016-17, it was noticed that Provincial Sustainable Development Fund was not established by the department during the period under audit.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that Provincial Sustainable Development Fund may be established.

(PDP No.24721 – Director general Environment Protection Agency, Lahore – 2016-17)

Internal control weaknesses

5.4.11 Lapse of funds due to non-surrendering of savings- Rs.101.65 million

According to Para No. 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Environment Protection Department, it was observed that an amount of Rs.101,651,067 was lapsed due to non-surrendering of savings well in time. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Director General Environment Protection Agency, Lahore	2016-17	24727	63,868,033

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
2	Deputy Director (Imp.) EPD Lahore	2016-17	24661	33,648,849
3	Secretary Environment Protection Department, LHR	2016-17	24543	2,915,865
4	Director General Environment Protection Agency, Lahore	2016-17	24730	1,218,320
Total				101,651,067

Audit was of the view that the lapse was due to lack of supervisory and financial controls.

The matter was pointed out in May 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls on “Appropriations” and seek condonation of irregularity from the Finance Department.

5.4.12 Excess expenditure -Rs.2.09 million

As per Rule 17.15 of PFR Vol-I, no government servant may without previously obtaining an extra appropriation in excess of the amount provided for expenditure under the heads concerned, and when a government servant exceeds the annual appropriation, he may be held responsible for the excess.

During audit of Environment Protection Department, it was observed that budget under various object codes was utilized excess than the allocation. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Director General Environment Protection Agency, Lahore	2016-17	24722	1,863,938

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
2.	Secretary Environment Protection Department, Lahore.	2016-17	24544	228,922
Total				2,092,860

Audit was of the view that weak internal controls on “Appropriations” resulted in excess expenditure than allocation.

The matter was pointed out in May 2018. The management at Sr. No. 1 replied that expenditure pertained to pay of staff which was beyond of control of DDO. The reply was not acceptable as the same was not in line with the above rules.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the expenditure over and above allocation be got regularized with the approval of the competent authority besides taking disciplinary action against the responsible.

Recoveries and overpayments

5.4.13 Non-realization of imposed recovery-Rs. 359,250

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, fraud and misappropriation. Moreover, as per Rule 2.33 ibid, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Govt. through fraud or negligence on his fault.

During audit of Director General Environment Protection Agency Lahore, for the period 2016-17, it was observed that recovery of Rs. 359,250 was imposed on an Ex. PRO. The recovery was imposed vide letter No. 19/AD(A)/EPA/2013 dated 22.01.2014 after a probe report in

case of theft of government vehicle bearing No. LEG-09-1648. The recovery was neither realized nor deposited into government treasury.

Audit was of the view that weak internal controls on “Recoveries” resulted in non-realization of recovery.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that recovery be effected besides strengthening of financial controls.

(PDP No.24714 – Director General Environment Protection Agency, Lahore – 2016-17)

Others

5.4.14 Deterioration of off road vehicles-Rs. 1.50 million

According to Rule 15.3 of PFR Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Director General Environment Protection Agency, Lahore for the period 2016-17, it was observed that government vehicles No. LXX-1153 Mobile Lab Truck, LEG-149 Toyota Haice and LOU-4402 Suzuki Bolan were off road since long.

Audit was of the view that due to weak internal controls on “Inventories”, the vehicles were deteriorating with the passage of time and losing their value.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that department should take a prudent decision and get the vehicles repaired if economically viable or dispose them off through auction to avoid further deterioration of the assets besides strengthening its internal controls.

(PDP No.24716 – Director General Environment Protection Agency, Lahore – 2016-17)

CHAPTER 6

EXCISE, TAXATION AND NORCOTICS CONTROL DEPARTMENT

6.1 *Introduction*

The Excise, Taxation and Narcotics Control Department was established as an independent entity in 1974 after its separation from Board of Revenue. This department provides services for collection of various taxes and duties and suggests ways and means for additional resource mobilization in the province. Building up of taxpayer's confidence, creation of taxpaying culture and providing facilities to the general public in payment of taxes are the top most priorities.

Excise, Taxation and Narcotics Control Department is primarily responsible for the collection of following provincial levies/taxes in the province of the Punjab.

- Cotton Fee
- Motor Vehicle Token Tax
- Entertainment Duty
- Professional Tax
- Hotel Tax
- Property Tax
- Excise Duty (Duty on manufacturing, import, export of liquor, vend fee on retail sale of liquor and fees on grant and renewal of licenses/permits for liquor).
- Farm House Tax

Excise, Taxation and Norcotics Control Department is also responsible for the collection of following Federal levies/taxes.

- Income Tax (at the time of collecting motor vehicle tax)
- Capital Value Tax (at the time of registration of imported motor vehicles if not paid at the time of import).

6.2 *Comments on Budget & Accounts (Variance Analysis)*

Introduction

The Appropriation Accounts for the year 2017-18 of Excise, Taxation and Narcotics Control Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of five grants/appropriations is as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	(6)
PC21001	7.687	0.001	7.688	5.999	(1.689)
PC21003	603.190	126.443	729.633	569.549	(160.084)
PC21007	253.811	66.453	320.264	269.494	(50.770)
PC21008	1,312.799	(380.093)	932.706	720.477	(212.229)
PC21010	153.868	(77.274)	76.594	69.722	(6.872)
Total	2,331.355	(264.47)	2066.885	1635.241	(431.644)

Overview of Expenditure

The final budget of Excise, Taxation and Narcotics Control Department for the year ended 30 June, 2018 was Rs. 2066.885 million. Out of this, actual expenditure was Rs. 1635.241 million. The corresponding saving is of Rs. (431.644) million which is 21.17% of the final grant, with reference to original budget the saving of Rs. (696.114) million which is 29.86% there was no allocation in budget for development expenditure.

Anticipated savings not surrendered

According to para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion

thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (431.644)million at the close of the year 2017-18 under grants PC21001, PC21003, PC21007, PC21008 & PC21010 were not surrendered in time by the department.

6.3 *Brief comments on the status of compliance with PAC Directives*

Audit report on the accounts of Government of the Punjab, Excise and Taxation Department Audit Year 2014-15 has not yet been discussed in PAC. Moreover, there is no other Report yet printed in any of the previous years. However, the department is requested to reconcile the matter with Audit Department regarding any discrepancy.

6.4 AUDIT PARAS

Non production of record

6.4.1 *Non production of record*

As provided in section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, as per Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22.02.1994, DDO himself is responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

During audit of following formations for the period upto 2016-18, the auditable record was not provided to audit for scrutiny:

Sr. No.	Name of formation	PDP No.	Nature of record not produced
1	Director General Excise, Taxation & Narcotics Control, Lahore	22392	Record of receipt
2	Director General Excise, Taxation & Narcotics Control, Lahore	22395	Stock entries distribution and consumption/sale out account against expenditure
3	Director General Excise, Taxation & Narcotics Control, Lahore	22394	Debit entries vouched account and difference of Debit.
4	Secretary E&T, Lahore	22547	Auditable record of SDA 253 for Expenditure
5	Director General Excise, Taxation & Narcotics Control, Lahore	22403	Receipt and non-recorded of receipt in the pass book

Audit was of the view that due to non-production of record, audit could not ascertain the authenticity of accounts.

Audit pointed out the irregularity in July and August 2018. The formation at Sr. Nos. 1 & 5 stated that all the record of receipts is available with concerned district MRAs but no record was produced to audit in support of reply. The formation at Sr. No.2 replied that all the record of stock and distribution is available but no record was produced to audit in support of reply. The formation at Sr. No.3 replied that all the collections were wrongly credited by the NBP branches and these were reversed by the respective branches. The formation at S. No.4 replied that the amount pertained to performance guarantee which was returned to the concerned contractor on the recommendation of Fund Management Committee.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to take disciplinary action against the responsible persons besides production of required record and issuance of instruction to field offices for non-occurrence of such kind of situation.

Irregularities & non-compliance

6.4.2 Irregular expenditure due to violation of Punjab Procurement Rules -Rs.225.08 million

As per Rule 12 of the Punjab Procurement Rules 2014, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed

in public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper. Whereas procurement exceeding two million rupees shall be advertised on the website of the Authority as well as in at least two national daily newspapers of wide circulation, one in English and one in Urdu.

During examination of the accounts of following formations for the period upto 2017-18, it was observed that an amount of Rs.225,075,706 was incurred on purchase of furniture, machinery and IT equipment etc. without fulfilling the requirements of procurements i.e. advertising and tendering policy:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
1.	Director General Excise, Taxation & Narcotics Control, Lahore	2016-17	22399	Irregular acceptance of tender due to extraordinary delay in opening of financial bid (9 months after opening of technical bids)	190,447,618
2.	Director General Excise, Taxation & Narcotics Control, Lahore	2016-17	22398	Irregular payments without agreement and non-observing of PPRA Rules	31,051,783
3.	DG Excise & Taxation LHR	2017-18	22564	Irregular purchase of Printing Material	1,099,029
4.	Director E & T Region B Lahore	2016-17	22380	Irregular expenditure on purchase of stationary.	1,096,351
5.	DG Excise & Taxation LHR	2017-18	22558	Irregular expenditure on account of stationary	976,097
6.	Director E & T Region B Lahore	2016-17	22381	Irregular expenditure on purchase of printing material	404,828
Total					225,075,706

Audit was of the view that non-observance of PPR 2014 led to a non transparent process of procurement.

Audit pointed out the lapse from February to July 2018. The formations at Sr. Nos.1 & 2 replied that all the requirements of PPRA were complied in letter and spirit but no record was produced to audit in support of reply. The rest of the formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the irregularity or got it regularized from the Finance Department besides strengthening of supervisory and management controls to avoid such kind of violation of rules.

6.4.3 *Acceptance of defective performance guarantees and non verification of same from bank - Rs.196.19 million*

According, to clause 6 (1) of the agreement Performance Guarantee/Security within 60 days from the date of signing of the agreement. The contractor shall provide to the purchaser a Performance Guarantee equal to 5% percent of the contract amount. The Guarantee shall be renewed every year for the term of the agreement for a period of three years.

During audit of Director General, Excise, Taxation and Narcotics Control Department, Lahore for the year 2016-17, scrutiny of the record of revolving account of Number Plates and Registration Books, TO Forms revealed that the departmental authorities accepted the defective guarantee on (value of Rs.100 stamp papers) instead of prescribed value of Rs.0.25 per additional 100 as required vide Board of Revenue, Punjab letter No. 471-95/1505-ST-I, dated 22.08.1995.

According to contract agreement of Number Plates dated 25.02.2014, amounting to Rs. 1,578,750,000 for the period of 3 years and M/s Inbox Business Technologies Limited submitted as bank guarantee of Rs.157,875,000 issued on 22.01.2014 and its expiry date was 21.01.2015. Further, amended bank guarantee of Rs. 170,211,850 for Number Plates agreement was also furnished by M/s Inbox Business Technologies Limited showing expiry date as 30.06.2018. But, these performance guarantees were neither verified by the supplier/department nor from the bank. i.e. Bank of Punjab up till now which may please be justified.

Similarly in another contract agreement for Rs.258,810,000 in respect of Nut Bolts dated 27.04.2015. A Bank guarantee No.MD1419000003-113 submitted by M/s Inbox Business Technologies Limited amounting to Rs. 25,980,000 showing extended date of expiry on 27.03.2018. But the same was also neither verified by the department nor confirmed by the issuance bank i.e. MCB Bank up till now which may also please be justified.

The lapse was pointed out in February 2018. The department stated that according to PPRA performance guarantee may be fixed upto 10%. Hence, the department fixed required performance guarantee at a value of 5% and it was also mentioned in the bidding document. The contractor/vendor provided proper performance guarantee.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the Department should produce original bank guarantees duly verified from the bank besides irregular acceptance of defective guarantees on (value of Rs.100 stamp papers) instead of prescribed value may be got regularized from the Finance Department.

(PDP No 22397- DG, Excise, Taxation and Narcotics Control Department Lahore -2017-18)

6.4.4 Irregular payments drawn from treasury without applying pre-audit checks-Rs. 22.29 million

According to Government instructions issued by the Finance Department vide their Letter No. FD (M-II) I-III / 98 dated 18.05.1999, all payments should be pre-audited and pre-audit authorities are required to exercise more supervisory checks and personally test check at the time of passing the bills.

During examination of the record of Secretary Excise, Taxation & Narcotics Control, Lahore for the period 2017-18, it was observed that a payment of Rs. 22,294,000 was drawn from government treasury (out of SDA-253) by the Secretary as Co-signatories without applying pre-audit checks from the pre-audit authorities in violation of government rules stated above which is not in line with notified policy. It is further pointed out that no system of pre-audit of payments was found in place as no one had been authorized by the competent authority to carry out pre-audit checks before releasing payments of the department.

Audit was of the view that weak supervisory controls and non-adherence to financial instructions resulted in irregular payment

Audit pointed out the lapse in July 2018. The management replied that the payment was made on the recommendation of Fund Management Committee constituted by the Chief Minister/ Finance Department of Punjab

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the position or regularize the irregularity from the competent authority.

(PDP No 22548-Secretary Excise, Taxation & Narcotics Control, Lahore -2017-18)

6.4.5 *Non-maintenance of log books-Rs.8.41 million*

According to Para 20 of West Pakistan Staff Vehicle (Use and Maintenance) Rules 1969 logbook containing petrol account, history sheet and all expenditure incurred thereon should be maintained for each Govt. vehicle.

During audit of Excise, Taxation & Narcotics Control Department for the period upto 2017-18, it was observed that POL to the tune of Rs.8,412,011 was consumed by departments in government vehicles but log books of the vehicles were neither maintained as required under the law nor produced to audit. In some cases, the POL was also drawn for the generators but the same was not properly accounted for in the log books. The details are as under:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1.	Director General Excise, Taxation & Narcotics Control, Lahore	22559	5,731,209
2.	Director E & T Region B Lahore	22378	2,680,802
3.	Secretary E & T, Lahore	22554	-
Total			8,412,011

The audit pointed out the lapses in March and July 2018. The management at Sr. No.3 replied that it was happened due to the posting/transfer of the officers, while in other cases, the observations were noted for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that either to justify the position or fix responsibility for non-maintenance of proper log books besides ensuring proper maintenance of log books in future.

6.4.6 *Unauthorized drawl of Pay & Allowances-Rs.3.82 million*

As per sub Rule (2) of 21-A of the Punjab Civil Servant Appointment and Conditions of Services Rules, 1974, an appointment by initial recruitment shall be subject to verification of character and antecedents of the person appointed to the satisfaction of the appointing authority.

Contrary to above during examination of records of the DG Excise & Taxation, Lahore for the year 2017-18 it was observed that contracted employees had joined the Directorate-General and started getting pay & allowances but their degree/certificates were not got verified from the respective Boards/Universities as was required vide para 3 of Offer Letters issued to the officials at the time of appointment. This resulted into irregular payment of Pay & allowances to the contract staff (DEOs & Constables) amounting to Rs. 3,822,317 due to weak supervisory and internal controls of the department.

Audit pointed out the irregularity in July 2018. The management replied that the observation is under consideration and detailed reply/action would be made as per law in due course of time.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that either clarify the position or regularize the expenditure from the competent authority besides getting academic degrees verified and strengthening the supervisory and financial controls.

(PDP No 22562- Director General Excise, Taxation and Narcotics Control Department Lahore -2017-18)

6.4.7 *Doubtful Expenditure without vouchers-Rs. 1.97 million*

As per Rule 2.20 and 2.21 of PFR Vol-1, as a general rule every payment, including repayment of money previously lodged with Government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim. Further every voucher must bear a pay order, signed or initialed and dated by the responsible disbursing officer. This order should specify the amount payable both in words and figures.

During audit of Director, Excise & Taxation Region “B” for the period 2016-17, it was observed that an expenditure of Rs 1,970,777 was incurred on various head of account but the record was not shown/provided to audit. The same was existing in the SAP system which shows that the expenditure was met by this department. Furthermore, the stock entries were also not available where applicable. In the absence of detailed attached vouchers/record the authenticity of the expenditure was held doubtful.

The lapse was pointed out in March 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the position by providing relevant record/vouchers or regularize the irregularity from the competent authority.

(PDP No 22374- Director Excise & Taxation Region “B”, Lahore -2016-17)

6.4.8 Irregular expenditure on repair of vehicles, furniture and machinery & equipment-Rs.1.22 million

As per Rule 2.10 (a) (1) of the PFR 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 the expenditure of his own money.

During audit of Excise, Taxation & Narcotics Control Department, it was observed that an amount of Rs.1,216,671 was drawn and shown incurred on repair of vehicles. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1	DG Excise, Taxation & Narcotics Control, Lahore	2017-18	22563	Repair of vehicle	1,110,067
2	Secretary Excise, Taxation & Narcotics Control, Lahore	2017-18	22549	Repair of vehicles	106,604
3	Secretary, Excise, Taxation & Narcotics Control, Lahore	2017-18	22550	Repair of Machinery and Equipment.	114,111
4	Secretary Excise, Taxation & Narcotics Control, Lahore	2017-18	22551	Repair of furniture	99,960
Total					1,216,671

The expenditure was irregular on the following grounds:

- Repairs were made from unregistered firms.
- The replaced items were neither accounted for in the stock register of unserviceable articles nor these were disposed off by auction as required under Rule 15.3 of PFR Vol-I.
- Quotations were collected without General Sales Tax.
- Quotations were arranged on personal level.

- History sheets were defectively maintained as make No., chassis No. year of manufacture, type of Body, Model and details of tools available were not mentioned in the history sheet.
- Actual payee receipts showing acknowledgement for receiving the payment were not found available.
- Physical verification of furniture was not carried out.

Audit pointed out the lapse in July 2018. The management at Sr.No.3 replied that expenditure was made on the requirement under the law while others noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the position or regularize the irregularity from the competent authority.

6.4.9 *Unauthorized allotment of vehicles-Rs. 302,375*

According to Policy for Retention of Transport Strength in Government Departments circulated vide letter No. MTO(S&GAD)AT-II/(2-9) 2006 dated 22.04.2008, the Secretary/Head of the Department, Additional Secretaries, Deputy Secretaries and equivalent status officers shall be authorized one car as per their entitlement. The size of general pool shall be very clearly established and no department shall retain vehicles beyond the following parameters in the general pool:

- i. One car or touring vehicle.
- ii. General duty vehicles in accordance with a formula based on strength of Section Officers or equivalent officers

available in the department. One vehicle may be allowed to be retained for three Section Officers/equivalent officers to cater for their requirements to attend various meetings outside the office from time to time.

During examination of the record of Secretary, Excise, Taxation & Narcotics Control, Lahore for the period 2017-18, it was observed that two vehicles bearing No. LEG-707 and LWJ-4040 remained under the use of Secretary, Excise, Taxation & Narcotics Control, Lahore. Audit was of the view that the expenditure to the extent of Rs. 302,375 incurred on POL and Repair & Maintenance of LWJ-4040 was irregular because vehicle was retained in excess of the requirement. This shows failure to implement the above policy by the department resulting into unnecessary and unjustified expenditure.

Audit pointed out the lapse in July 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to clarify the position or expenditure may be got regularized from the competent authority besides strengthening the internal control.

(PDP No 22546- Secretary Excise, Taxation & Narcotics Control, Lahore -2017-18

Internal control weaknesses

6.4.10 Doubtful payment of GST deposits-Rs.410.49 million

According to Rule 2 of The Sales Tax Special Procedure (Withholding) Rules, 2007 read with Board of Revenue's letter 4(47)5 (B)95 Vol dated 04.08.2001, all the Government departments,

autonomous bodies and public sector organizations (withholding agents) shall make purchases of taxable goods from a person duly registered under the Sales Tax Act, 1990.

During audit of Director General Excise, Taxation and Narcotics Control Department, Lahore for the year 2016-17, scrutiny of the record in respect of revolving account of Number Plates and Registration Books, TO Forms revealed that GST Invoices of Rs. 410,486,090 were received from the suppliers against payment of GST but the GST deposits were neither confirmed from the FBR nor 1/5th GST was deducted from the payments made to suppliers.

Audit pointed out the lapse in February 2018. The management replied that confirmation by the FBR and deposit slips of 1/5th GST deducted from the supplier are available but not got it verified from Audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the lapses or provide the verified figure of sales tax from Sales Tax Department besides strengthening of internal controls.

(PDP No 22396- DG, Excise, Taxation and Narcotics Control Department Lahore -2017-18)

6.4.11 Variation in expenditure in Cash book as compared to bank statements -Rs.246.04 million

As per Rule 2.2 and 2.3 of PFR-Vol-I, all cash transactions should be entered in the Cash Book as soon as they occur and attested in token of check. The Cash Book should be closed regularly and completely checked. In token of the check of the Cash Book, the last entry checked therein

should be initialed (with date) by the Government servant concerned on each occasion and the counting should be made on the last working day of each month immediately after closing the cash account of the month.

During audit of Director General, Excise, Taxation and Narcotics Control Department, Lahore for the year 2016-17, verification of the record in respect of revolving account of Number Plates and Registration Books, TO Forms revealed that department did not reconcile the monthly receipt and expenditure recorded in cash books/pass book with the bank balance. Resultantly, there were huge differences in the monthly receipt and expenditure in the pass book duly reconciled with the Treasury Officer, Lahore.

Audit pointed out the matter in February 2018. The management replied that the receipt of Lahore district were submitted directly in the treasury whereas, receipt of other districts were deposited in the non-chequable account in the National Bank of respective district from where concerned registration authorities get the amount transferred into the NBP, Secretariat Branch where main account of revolving fund is maintained. The receipt from the districts of Punjab comes under the NBP account whereas receipt received at Lahore district is directly submitted in the Treasury Office Lahore. Variation is therefore inevitable when checked with bank statements.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department is required to produce approval of Government regarding depositing of Government Receipt in support of the department response. Further, difference of expenditure in

cash book, department did not offer any comments need justifications. The TOR for depositing of receipt received from the other district may also be got approved from the Finance Department (GOP). Moreover, the department is also required to maintain receipts (Head wise) for both from other districts receipts which is in NBP plus receipt of Lahore district directly deposited into treasury office in respect of registration book, TO form, stickers, number plates etc and the same may be got verified from treasury office in order to set aside variation. Similarly, department should take up the matter with the bank authorities for adding profit on receipt retained in the NBP in billions of rupees. The compliance may be shown to audit.

(PDP No 22391- DG, Excise, Taxation and Narcotics Control Department Lahore -2017-18)

6.4.12 Non-surrendering of savings-Rs.103.23 million

As per Rule 17.20 of PFR Vol-I, the department incurring the expenditure is responsible to notify the savings and surrenders in time. For this purpose Para 14.3 of Punjab Budget Manual requires that the Heads of Departments should submit to the Finance Department the First Statement of Excesses & Surrenders by 1stJanuary and the Second Statement of Excesses and Surrenders by 31stMarch.

During audit of Excise, Taxation & Narcotics Control Department for the period upto 2017-18, it was observed that savings were not surrendered by the Drawing and Disbursing Officers through their 2nd Statement of Excess & Surrender. Non-adherence to the rules by the following formations, resulted in lapse of fund to the tune of Rs.103,228,223. The details are as under:

Sr. No.	Name of formation	PDP No.	Amount (Rs.)
1.	Director General Excise, Taxation & Narcotics Control, Lahore	22556	66,015,568
2.	Director, E & T Region B, Lahore	22377	37,212,655
Total			103,228,223

Audit pointed out the lapse in March and July 2018. The observations were noted for compliance by both the offices.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to clarify the position or irregularity may be got regularized from the Finance Department besides strengthening of supervisory and management controls to avoid such kind of violation of rules.

6.4.13 Excess expenditure - Rs.30.89 million

According to Rule 17.15 of PFR Vol-I, no Government servant may, without previously obtain an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the head concerned and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Excise, Taxation & Narcotics Control Department for the period upto 2017-18, it was observed that an amount of Rs.30,886,761 was spent in excess of the budget allocation under various heads of expenditure which was a serious financial irregularity on the part of the department. The details are as under:

Sr. No.	Name of Formation	PDP No.	Amount (Rs.)
1	Director General Excise, Taxation & Narcotics Control, Lahore	22557	17,150,328
2	Director, E & T Region B, Lahore	22376	10,928,054
3	Secretary, E & T, Lahore	22555	2,808,379
Total			30,886,761

Audit was of the view that weak budgetary controls resulted in excess expenditure than budget allocation.

Audit pointed out the irregularity in March and July 2018. The management at Sr. No.3 replied that the excess expenditure was beyond the control of the management while in other cases the observations were noted for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the position or irregularity be got regularized from the Finance Department besides fixing responsibility.

Recoveries and overpayments

6.4.14 Less-deposit of sale proceed of number plates-Rs. 2,245.66 million

Rule 2.33 of PFR Vol-1 requires that every government servant will be held personally responsible for any loss sustained by government through fraud or negligence on his part, and that he will be held personally responsible for any loss arising from fraud or negligence on the part of any other government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of Director General, Excise, Taxation and Narcotics Control Department, Lahore for the year 2016-17, verification of the record in respect of revolving account of Number Plates and Registration Books, TO Forms revealed that the department had less deposited the sale proceed of Rs. 2,245,657,140 of Number Plates, Registration Books, TO Form, Sticker etc.

Audit pointed out the lapse in February 2018. The management replied that the observation is ambiguous. However, it is clarified that the department as per tender document and contract, purchased blank Number Plates in advance and issue the same periodically on the basis of demand of Motor Registration Authority/Motoring Public. Therefore, the payments and receipts at any point of time will always have variations as the remaining blank plates are available in stock.

The reply of the department is irrelevant to the objection raised by audit. The department is required to reconcile the figures besides providing the details of raw materials (Blank number plates) used for production of number plates/stock.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report.

Audit recommends that total production of number plates, in addition to Stock Entries, Distribution & Consumption/Sale out account of number plates, sticker, T.O Forms and registration book be produced of both of Lahore region and all districts to audit for verification.

(PDP No 22393- Director General Excise, Taxation and Narcotics Control Department Lahore -2017-18)

6.4.15 Non-levy of stamp duty-Rs. 4.59 million

Article 22(A)(b) of the Schedule-I of the Stamp Act 1899 as amended through Finance Act 1995 provides that Government of the Punjab has levied the stamp duty on the contracts entered into for procurement of stores and materials by a contractor with Government, Agencies or Organizations set up or controlled by the provincial government at the rate of 25 paisa for every Rs.100 or part thereof the amount of contract.

During audit of Director General Excise, Taxation and Narcotics Control Department Lahore for the year 2016-17, verification of the record in respect of revolving account of Number Plates and Registration Books, TO Forms revealed that the department entered into contract with various contractors like M/s Inbox Business Technologies Limited for procurement of stores etc. amounting to Rs.1,837,560,000, but the stamp duty leviable on the prescribed rate was not recovered. This resulted into non-recovery of stamp duty to the tune of Rs.4,593,900 which was requested to recover from contractor's bills and deposit the same into Government Treasury.

Audit pointed out the lapse in February 2018. The management replied that the contract for procurement for Number Plate was in the nature of a rate contract for certain period. The procurement and supply was always depended on demand of Motor Registration Authority and Motoring Public and therefore never anticipatable. The stamp duty and for that matter any other tax/duty is supposed to be levied with certainty. Similarly, regarding PSPC it is stated that it was not a contract rather an MOU between government and government owned body. Therefore, stamp duty is not livable on the same as well. The reply of the department is irrelevant to the objection raised by audit. The department is required to make compliance on subject matter as the contract was made with contractor i.e. M/s Inbox Business Technologies Limited.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to clarify the position or recovery of the point out amount may be made from the bills of contractor & deposit the same in to Government Treasury besides strengthening internal controls.

(PDP No 22400- DG, Excise, Taxation and Narcotics Control Department Lahore -2017-18)

6.4.16 Non-deduction of advance income tax-Rs.2.23 million

According to Section 153(1) of the Income Tax Ordinance, 2001, every authorized person making a payment in full or in part including an authorized person or permanent establishment in Pakistan or a non-resident person shall at the time of making payment, deduct income tax from the gross amount at the prescribed rate.

During examination of the record of Secretary, Excise, Taxation & Narcotics Control, Lahore, for the year 2017-18, it was observed that an amount of Rs. 22,294,000 was drawn from SDA No.253 under Cost Centre No.LO-4231 vide Cheque No.A-074135, dated 31.5.2018 and paid to Urban Sector Planning and Management Services Unit (Pvt.) Ltd., Lahore on account of release of performance Guarantee but 10% income tax at source was not deducted.

Audit was of the view that weak financial control on taxation resulted in non deduction of income tax.

Audit pointed out the lapse in July, 2018. The management replied that the department issued the cheque on the recommendation of Fund Management Committee constituted by the Chief Minister of Punjab and through this cheque only Performance Guarantee was returned.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the position by providing relevant documents of performance guarantee or regularize the irregularity from the competent authority.

(PDP No 22552-Secretary Excise, Taxation & Narcotics Control, Lahore -2017-18)

Others

6.4.17 *Loss due to theft of Government vehicle - Rs. 849,000*

According to 2.33 of PFR Vol-I, every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During examination of the record of Secretary Excise, Taxation & Narcotics Control, Lahore for the period 2017-18, it was observed that an official vehicle of the department bearing No. LZF-847 was stolen on 19.11.2017. This resulted into estimated loss to Government revenue to the extent of Rs. 849,000.

Audit pointed out the lapse in July 2018. The management replied that matter had been referred to S&GAD.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to justify the position or investigate the matter for fixing responsibility against the officers/officials besides getting the loss written off from the competent authority.

(PDP No 22545- Secretary Excise, Taxation & Narcotics Control, Lahore -2017-18)

CHAPTER 7

FINANCE DEPARTMENT

7.1 *Introduction*

The Finance Department is responsible for supervision and control of provincial finances, preparation of provincial budget, formulation of Financial Rules and Civil Services Rules relating to pay, perquisite and pension of civil servants, management of public debt and administration of Local Fund Audit Department and the Treasuries. Administrative Departments are required to consult the Finance Department in all matters which directly or indirectly affect the finances of the province. All important functions of the Finance Department, including budgeting are performed at the Secretariat.

The major functions of the department are mentioned below:

- Management of public funds.
- Framing of financial rules for guidance of departments.
- Supervision of accounts of provincial departments.
- Framing of Civil Service Rules applicable to all government servants and interpretations thereof.
- Floatation and administration of provincial loans.
- Examination and advice on matters affecting directly or indirectly the finances of the province.
- Administration of emoluments, pensions and allowances.
- Administration of public revenue.
- Communication of financial sanctions.
- Examination of all proposals for the increase or reduction of taxation.
- Audit matters of provincial receipts and expenditure.

7.2 *Comments on Budget & Accounts (Variance Analysis)*

Introduction

The Appropriation Accounts for the year 2017-18 of Finance Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of nine grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	3,694.55	284.95	3,979.50	3,537.85	(441.646)
PC21028	173,809.24	0.00	173,809.24	172,942.82	(866.411)
PC21031	364,940.77	(16,072.41)	348,868.36	322,383.23	(26,485.13)
PC13035	0.001	0.00	0.001	0	(0.001)
PC22036	15,000.00	4,301.28	19,301.28	15,869.46	(3,431.82)
PC24044	16,141.35	1,776.21	17,917.55	17,666.16	(251.387)
PC16048	31,117.72	1,917.36	33,035.07	33,035.07	0
PC12043	4,000	(2,000.00)	2,000	2,000	0
PC13050	5,000.00	0.00	5,000.00	0	(5,000.00)
Total	613,703.61	(9,792.62)	603,911.00	567,434.61	(36,476.39)

Overview of Expenditure

The final budget of Finance Department for the year ended 30 June, 2018 was Rs. 603,910.996 million. Out of this, actual expenditure was Rs. 567,434.608 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	594,703,612,000	549,565,144,536	(45,138,467,464)	7.59
Development	19,000,000,000	17,869,463,522	(1,130,536,478)	5.95
Total	613,703,612,000	567,434,608,058	(46,269,003,942)	7.54

During the year, due to supplementary grants and surrenders amounting to Rs. (9,792.6) million, this composition changed. Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	582,609,716,000	549,565,144,536	(33,044,571,464)	5.67
Development	21,301,280,272	17,869,463,522	(3,431,816,750)	16.11
Total	603,910,996,272	567,434,608,058	(36,476,388,214)	6.04

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs.(36,476.388) million at the close of the year 2017-18 under grant PC21010, PC21031, PC13035, PC22036, PC24044, PC21028 & PC24044, PC16048 & PC13050 were not surrendered in time by the Department.

7.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1.	1986-1987	07	0	07	0
2.	1987-1988	3	0	3	0
3.	1989-1990	6	0	6	0
4.	1990-1991	1	0	1	0
5.	1991-1992	2	0	2	0
6.	1992-1993	4	1	3	25
7.	1993-1994	2	1	1	50
8.	1994-1995	2	0	2	0
9.	1995-1996	7	0	7	0
10.	1997-1998	10	7	3	70
11.	1998-1999	37	23	14	62
12.	1999-2000	48	25	23	52
13.	2000-2001	53	24	29	45
14.	2001-2002	70	36	34	51
15.	2006-2007	20	14	6	70
16.	2009-2010	25	1	24	4
17.	2012-2013	12	4	8	33
18.	2013-2014	13	1	12	8
Total		322	137	185	43

The compliance status in Finance Department remained unsatisfactory particularly for the year 1986-87 to 1995-96 and for the years 2009-10, 2012-13 and 2013-14. The department needs to improve its compliance with PAC directives.

7.4 AUDIT PARAS

Non production of record

7.4.1 Non production of record

According to Section 14 (2) and (3) of Auditor General of Pakistan (Powers of Auditor-General in connection with audit of accounts) Ordinance 2001, the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During audit of Finance Department, the auditable record was not produced to audit despite repeated requests. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of record
1	Divisional Director Local Fund Audit, Sahiwal	2009-18	29669	Payroll and allied record
2	Secretary Finance Department, Lahore.	2017-18	26883	The record relating to 17 departments of Punjab Government and their contracts with (49) Nos. various Public sector companies

Audit was of the view that due to non-production of record, the authenticity of accounts could not be verified.

Non production of record was pointed out to the formations in August and October 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should fix responsibility for non-production of record and produce record for scrutiny.

Irregularities & non-compliance

7.4.2 Irregular sanction and release of Supplementary Grants-Rs.481.16 billion

Rule 15.6 of Punjab Budget Manual, 2008 states that proposals for the supplementary grant are objectionable in principle and free resort to them indicates, on the one hand, bad estimating or improvident administration and, on the other hand, impairs the proper management of the provincial finances. The justification for applying for supplementary grant should rest only upon circumstances, which are exceptional. Rule 15.7 further elaborates that if any inconvenience, loss or damage is apprehended to a reasonable degree, the additional expenditure should be met by re-appropriation of savings found by legitimate postponement of expenditure provided for in the schedule of Authorized expenditure. If re-appropriation is not possible, in supplementary proposals it should be shown:

- Why the need could not be foreseen.
- In absence of additional provision, serious inconvenience or serious loss or damage will be caused to public service.

During audit of Secretary Finance Department, Government of the Punjab, Lahore for the period 2017-18, it was observed that the volume of the original budget estimates for the year 2017-18 was

Rs.1,970,700,000,000 (Current+Development). Later, a supplementary budget of Rs. 481,156,145,814 was issued.

The budget analysis revealed that:-

- i) Against the revised budget of Rs. 1,907.786 billion including supplementary budget of Rs. 481.156 billion, there was an unutilized budget of Rs. 290.146 billion under different grants. It was 60 % of the supplementary budget. This showed that before issuing supplementary grants, no proper re-appropriation of funds was made which was mandatory under Rule 15.7
- ii) In 08 cases, the % age of supplementary budget utilization against allocation of Rs1080.191 billion remained very poor, especially in case of Public Health (Grant-17) where saving was 310% of supplementary grant. Moreover, in case of Grant-16 Health Services, saving was 71% of supplementary grant issued. Similarly, against main Development Grant-36, the non-utilization of budget was Rs 108.852 billion which was 51 % of the supplementary grant.

Audit was of the view that the major segment of the supplementary budget was issued without keeping in view the mandatory conditions/ pre-requisites as warranted under above laws which resulted in weak financial management of the Provincial Finance for supplementary budget.

The irregularity was pointed out in August 2018. The formation noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that Department should focus on better financial management and rules should strictly be obeyed and supplementary grant should be issued after fulfilling mandatory conditions/pre-requisites as warranted in Punjab Budget Manual.

(PDP No.26908- Secretary, Finance Department, Lahore-2017-18)

7.4.3 *Undue retention of development funds-Rs.108.85 billion*

According to Punjab Government Rules of Business 2011, Finance Department is responsible for supervision and control of provincial finances.

During audit of the office of the Secretary Finance Department, Government of the Punjab, Lahore for the period 2017-18, study of the accounts of Finance Department revealed that an amount of Rs. 454.714 billion allocated during the financial year 2017-18 and Rs. 213.437 billion provided through supplementary grant, Rs.108.852 billion had been retained under Grant 22036 Development and not utilized. Had these funds been shifted to some other purpose, these could have better been used somewhere else.

Audit was of the view that undue retention of development funds rendered them unutilized.

The irregularity was pointed out in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that undue retention of funds may be stopped and a mechanism be devised for monitoring and sectoral utilization of public money.

(PDP No. 26895- Secretary, Finance Department, Lahore-2017-18)

7.4.4 Irregular opening of SDA-Rs.55.35 billion

According to para 17.2.2.1 of APPM, all assignment accounts, personal ledger accounts and special drawing accounts shall be established with the approval of Ministry of Finance or Finance Department, as the case may be, in consultation with AGPR/AG.

During audit of the office of the Secretary Finance, Punjab, it was observed that during the Financial Year 2017-18, one hundred and twenty six (126 Nos.) Special Drawing Accounts (SDAs) were opened by the Finance Department. An expenditure of Rs. 38.916 billion was incurred through these accounts. Audit held the opening of the SDA irregular on the following grounds:

- SDAs were opened by Finance Department on the request of the Departments/Project Directors etc. without enquiring the reasons/special circumstances under which the regular mode of payment through pre-audit by AG/DAO/Treasury Office was bypassed.
- No consultation was made with Accountant General Punjab prior to opening of SDA in violation of APPM
- In cases where SDAs were opened in districts other than Lahore, the sanction was directly communicated to DAO.

Expenditure incurred under SDA was not reconciled with Accountant General/District Accounts Office on monthly basis.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The formation noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the laid down instructions, expenditure statements should be obtained from quarters concerned on monthly basis, irregular and erratic opening of SDA accounts should be stopped and existing SDAs be reviewed so that the payments are processed through AG/DAOs after pre-audit.

(PDP No. 26899- Secretary, Finance Department, Lahore-2017-18)

7.4.5 Grant of loans without considering the ability to repay-Rs.46,158.88 million

As per Rules of Business, 2011, Finance Department is responsible for management, supervision and control of Provincial Finances, ways and means and public debt including borrowing, lending, guarantees, investments and subsidies etc.

During the audit of Finance Department for the period 2017-18, it was observed that Finance Department had been granting loans to Waste Management Companies every year without considering their ability to repay and loan agreement. The details are as under:

Sr. No.	Name of borrowing Company	PDP No.	Amount in millions
1	Waste Management Companies Sialkot, Lahore, Rawalpindi & Gujranwala	26884	44,378.88
2	Bahawalpur Waste Management Company	26896	150.00
3	Punjab Mineral Company	26890	1,630.00
Total			46,158.88

Audit was of the view that weak financial controls resulted in irregular grant of loans with dim possibility of recovery in near future.

The irregularity was pointed out in August 2018. The management noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that practice of granting non productive loans to public sector companies be stopped forthwith besides making concerted efforts for effecting recovery of the existing loans with interest.

7.4.6 Non-receipt of profit on investments-Rs. 24.70 billion

As per Rules of Business 2011, the Finance Department is responsible for management, supervision and control of provincial treasuries, ways & means and public debt including borrowing, lending, guarantees, investments and subsidies.

During audit of the office of the Secretary Finance Department, Government of the Punjab Lahore for the period 2017-18, it was noticed that despite total investment of Rs. 24,704,350,420 as on 30.06.2018, not a single penny in the shape of profit/ dividend was received and credited to public exchequer during 2017-18. The financial statements to assess the financial position of the entities were also not available in the respective files. In absence thereof, the actual net return on investments on yearly basis could not be ascertained.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter should be looked into, immediate efforts be initiated for recovery of profit/dividend from respective entities under intimation to audit.

(PDP No. 26892- Secretary, Finance Department, Lahore- 2017-18)

7.4.7 Irregular direct transfer of funds-Rs. 20.81 billion

Under Section-5 (b) of Controller General of Accounts (Appointment, Functions & Powers) Ordinance, 2001, the Controller General of Accounts derives his statutory mandate to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audited checks as the Auditor-General may, from time to time, prescribe

During audit of Secretary Finance Department, Government of the Punjab, Lahore for the period 2017-18, it was noticed that an advice regarding direct transfer of funds valuing Rs. 20,805,579,885 from State Bank of Pakistan to various agencies was issued without routing it through AG/DAOs.

Audit was of the view that the direct transfer of funds from the State Bank of Pakistan to various agencies without routing it through AG/DAOs tantamount to create hindrance in application of pre audit and post audit checks.

The irregularity was pointed out in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should avoid this practice and take corrective measures to settle the issue.

(PDP No.26904- Secretary, Finance Department, Lahore-2017-18)

7.4.8 *Less/non-receipt of arrears of Net Hydel Profit-Rs.14.81 billion*

According to Article 161(2) of the Constitution of Islamic Republic of Pakistan 1973, the net profits earned by the Federal Government, or any undertaking established or administered by the Federal Government from the bulk generation of power at a hydro-electric station shall be paid to the Province in which the hydro-electric station is situated. Further, as per functions of the Punjab Finance Department enumerated at sr. No. 4 under the heading Finance Department in Rules of Business 2011, Finance Department is responsible for placement of the case of the province before National Finance Commission relating to the matter having financial implication for the province.

During scrutiny of the Estimates of receipt 2017-18, it was observed that electricity profit of Government of the Punjab amounting to Rs. 32.880 billion as shown at page 16 of Estimates of 2018-19 was to be received from WAPDA but only an amount of Rs.17.567 billion was paid by WAPDA through UBL Cheque No.60356026 in the month of January 2018. Whereas an amount of Rs.14.813 billion was not paid till June 2018.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The management noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be taken up with the Federal Government for timely receipt of its share from Net Hydel Profit as per decisions of CCI. Finance Department may direct the government departments and agencies to pay the outstanding utility bills in time and provide record to Finance Department. Moreover reconciliation should be made with all Departments including Agriculture Department to avoid excess and falsified payment and at source deduction by DISCOs.

(PDP No.26906- Secretary, Finance Department, Lahore-2017-18)

7.4.9 Non settlement of Net Hydel Profit Issue-Rs.7.29 billion

According to Article 161(2) of the Constitution of Islamic Republic of Pakistan 1973, net profit earned by the Federal Government, or any undertaking established or administered by the Federal Government from the bulk generation of power at a hydro-electric station shall be paid to the Province in which the hydro-electric station is situated. Further, as per Rules of Business 2011, Finance Department is responsible for placement of the case of the province before National Finance Commission relating to the matter having financial implication for the province.

During audit of the office of the Secretary Finance Department, Lahore for the period 2017-18, scrutiny of the record and minutes of meeting between WAPDA authorities and Finance Department, revealed

that WAPDA authorities were showing amount of Rs. 34.768 billion as payable by WAPDA to the Government of the Punjab, whereas, according to calculations made by Finance Department, an amount of Rs. 42.056 billion was receivable from WAPDA. Thus, there was a difference of Rs. 7.288 billion. Further, perusal of the record revealed that WAPDA did not agree to make payment for intervening period from November 2017 to February 2018 besides the decision of Council of Common Interests (CCI).

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should clarify its position and elaborate reasons for less receipt of NHP which resulted in loss to Government. The Departmental authority may also take up the matter with Federal Government to resolve the issue.

(PDP No. 26887- Secretary, Finance Department, Lahore – 2017-18)

7.4.10 Abnormal reduction in revised receipt estimates -Rs.6,088.92 million

As per Punjab Government Rules of Business, 2011, Finance Department is responsible for management, supervision and control of the Provincial Consolidated Fund and Public Accounts of the Province and matters connected therewith and ancillary thereto including all provincial revenues, taking necessary steps for mobilization of provincial resources

and measures to increase the revenue of the province and matter relating to taxes, duties, fee, charges etc.

During audit of the office of the Secretary Finance Department, Lahore for the period 2017-18, it was observed that planned estimates of receipt were Rs. 6,248.923 million. During the currency of the said fiscal period an inordinate decrease of the amount of Rs.6,088.923 million (Rs.6248.923-Rs.160.000) was made.

Audit was of the view that such a huge decrease in the estimates during the currency of the fiscal year showed lack of planning by the department.

The irregularity was pointed out in August 2018. The formation noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should take up the matter with Federal Government to collect electricity duty.

(PDP No. 26894- Secretary, Finance Department, Lahore -2017-18)

7.4.11 Loss due to non-investment-Rs.1.38 billion

As per Rules of Business 2011, the Finance Department is responsible for management, supervision and control of Provincial Treasuries, ways & means and public debt including borrowing, lending, guarantees, investments and subsidies.

During audit of Secretary Finance Department, Government of the Punjab, Lahore for the period 2017-18, it was noticed that Rs 4.00 billion

was withdrawn under Head G11128-Punjab General Provident Investment Fund during May 2007 through Supplementary Grant. The amount was not invested till close of financial year 2017-18. The issue was repeatedly pointed out by audit.

Audit was of the view that had the management made the investment @ 3 % per annum interest rate in time, at least a revenue of Rs. 1.376 billion approx could have been earned which might be beneficial for some smooth running of financial affairs pertaining to G.P. Fund. Non-investment of money had caused an approximate loss of Rs. 1.376 billion to General Provident Investment Fund.

Audit pointed out the lapse in August 2018. The management noted the observation for compliance.

Audit recommends that the departmental authorities should take steps for fruitful investments of funds which are lying unutilized. Such an investment will help the government in discharging increasing GP Fund liabilities.

(PDP No.26905- Secretary, Finance Department, Lahore-2017-18)

7.4.12 Poor funding strategy for the pension and General Provident Funds-Rs.5,000 million

Punjab Pension Fund, a body corporate, was formed after the promulgation of Punjab Pension Fund Act in 2007. The purpose of the Fund is to generate revenue for the discharge of pension liabilities of the government.

During the audit of the office of the Secretary Finance Department, Government of the Punjab, Lahore for the period 2017-18, it was noticed that to cater the liabilities of Pension and General Provident Fund, a provision of Rs. 5.00 billion in the shape of investments was made in the

original budget estimates 2015-16 under head LQ4461-Investments. In revised budget estimates, the provision was reduced to Rs. 1.00 billion and released accordingly to Punjab Pension Fund to generate revenue.

(Rs. in Billion)

Details of Local Investments	Budget Estimates 2017-18	Revised Estimates 2017-18	Amount released for investment during 2017-18	Short fall in planned investment
Pension Fund Investment	5.000	1.000	1.000	4.000
Punjab General Provident Investment Fund	1.000	0	0	1.000
Total	6.000	1.000	1.000	5.000

It is worth mentioning to point out here that Rs 58.011 billion [Rs 57.126 billion + Rs 0.884 billion = Rs 58.011 billion] was collected up to 30.06.2018 under Heads G06103- General Provident Fund (Civil) and G06106-General Provident Fund (Forest). However this amount was not invested.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The formation noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the departmental authorities should take steps for fruitful investments of Funds which are lying unutilized which will help the government in discharging pension and GP Fund liabilities.

(PDP No. 26898- Secretary, Finance Department, Lahore-2017-18)

7.4.13 Heavy resort to overdrafting-Rs.1,443.16 billion

As per Punjab Government Rules of Business, 2011, Finance Department is responsible for management, supervision and control of the Provincial Consolidated Fund and Public Accounts of the Province and matters connected therewith.

During audit of Secretary Finance Government of the Punjab for the period 2017-18, it was revealed that financial position of Government of the Punjab remained uncertain during the whole year as it was dependent on the overdraft of Rs.1,443,158,541,366 received from State Bank of Pakistan. During the months of May & June 2018, overdraft limit of Rs. 37,200,000,000 was crossed which resulted in higher rate of mark up @ 10.192 %.

Audit was of the view that this occurred due to Finance Department's improper estimation of budget expenditure & receipts and also due to weak financial control applied over releases/expenditure of the province.

The irregularity was pointed out in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that financial controls be exercised and a balance be maintained between income and expenditure to avoid overdrafting in future.

(PDP No. 26886-Secretary, Finance Department, Lahore- 2017-18)

7.4.14 Irregularities in relief and rehabilitation activities-Rs.1,440 million

As per distribution of business among departments given in Second Schedule of the Punjab Government Rules of Business 2011, the Finance Department is responsible for management, supervision and control of the Provincial Consolidated Fund and Public Accounts of the Province and matters connected therewith or ancillary thereto.

During audit of the office of the Secretary Finance Department, Government of the Punjab, Lahore for the period 2017-18, it was noticed that an amount of Rs.1,440.00 million was released and placed as block allocation on account of relief and rehabilitation activities during disasters and natural calamities, other unforeseen events including security and for protocol arrangements in all the districts of Punjab.

The amount was placed in the SDAs of Deputy Commissioners. Audit further noticed that:

- Disasters and natural calamities were mixed with security and protocol arrangements.
- Funds with the Deputy Commissioners were exempted from the purview of austerity measures as enforced from time to time. Also Rule 2.10(b) 5 of PFR Vol-I regarding advance drawal of funds was relaxed which is not understandable as public money must be spent under governing rules/laws.
- It was also observed that utilization reports were not obtained to check whether funds were spent on the purpose specified or not?

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the departmental authorities should explain the reasons for giving relaxation in rules, obtain utilization reports and provide the same to audit.

(PDP No. 26893- Secretary, Finance Department, Lahore- 2017-18)

7.4.15 Irregular loan financing to defunct Punjab Road Transport Corporation-Rs.703.75 million

As per Rules of Business, 2011, Finance Department is responsible for management, supervision and control of Provincial Finances, ways & means and public debt including borrowing, lending, guarantees, investments and subsidies etc.

During the audit of Finance Department, Government of Punjab, it was observed that Punjab Road Transport Corporation was declared defunct by Government of the Punjab in 1997 and Finance Department had been granting loan without considering its pay back capacity. Total amount of Loan till June 2018 comes to Rs. 18,079.27 million. Neither Loan Agreement had been executed nor had other arrangements been made for recovery of loan till date. According to information provided by Finance Department, PRTC had been granted loan to clear pension liabilities of its retired employees against its 21 properties held by Government of the Punjab and Loan will be settled by selling them. The matter regarding selling of properties was lying pending with Punjab

Privatization Board. However, Rs.703.753 million were realized from selling of properties of PRTC upto 2014 but it had not been settled against the said Loan.

Audit was of the view that granting of loan to a defunct body reflects adhoc approach to discharge pension liability. Instead of granting Loan a fund should have been constituted by selling the properties /assets of PRTC and from its income, pension liability could have been cleared.

The irregularity was pointed out in August 2018. The management replied that all immoveable properties of PRTC were transferred to Government of the Punjab and the Board of Revenue put these 62 properties at the disposal of Punjab Privatization Board for auction. Out of 62 properties, 32 were sold by Punjab Privatization Board, 16 were retained by Transport Department, 05 leased properties were returned to the lesser and 09 properties still pending with PPB for disposal. PPB/Board of revenue will assess the value of these properties and further Finance Department will adjust the loan amount against the value of PRTCs properties and further releases will be made as grant in aid. The reply was not tenable as PPB explained vide letter dated 07.11.2017 that no property of PRTC was seized by PPB for privatization as all properties were being handled by Board of Revenue at their own level.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should settle the loan by selling the properties of PRTC and appropriate measures be taken to meet future expenditure.

(PDP No 26885-Secretary, Finance Department, Lahore- 2017-18)

7.4.16 Excess release of budget for Lahore orange line metro project-Rs.63.20 billion

As per distribution of business among departments given in Second Schedule of the Punjab Government Rules of Business 2011, the Finance Department is responsible for management, supervision and control of the Provincial Consolidated Fund and Public Accounts of the Province and matters connected therewith or ancillary thereto including all Provincial revenues, taking necessary steps for mobilization of Provincial resources and measures to increase the revenue of the province and matters relating to taxes, duties, fees, charges etc.

During the audit of Secretary Government of the Punjab Finance Department, Lahore for the period 2017-18, it transpired from the available information that execution of 27.1 km Orange Line Metro Train Project was undertaken with Chinese Loan Assistance worth Rs. 165.226 billion with 27 months gestation period. The record for execution of Project like copies of releases, expenditure made there against, PC-1s, Loan Agreement and Execution details to see the legitimacy of releases were not produced to audit despite repeated reminders. However, from the information available in allied documents i.e. White Books and Development Budget, it was observed that:-

- (i) According to debt stock position as on 30.06.2018, out of the total contractual amount of loan was \$ 1,626.000 million, only \$ 1,032.056 million i.e. Rs. 108.752 billion had been received under loan agreement since 2015-16, including Rs.38.605 billion received in 2017-18. In addition to this foreign loan, a report from SAP revealed that an amount of Rs.63,204,259,410 was released from development fund under different project codes.

- (ii) The Project, being a foreign assisted loan, has already put constraints on the provincial exchequer. Therefore the excess release of Rs. 63,204,259,410 by the Finance Department has further burdened the provincial finances which requires to be justified through production of loan agreement and related terms and conditions to audit.

Audit was of the view that the lapse occurred due to weak financial and management controls.

The irregularity was pointed out in August 2018. The management noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be investigated at appropriate level, reasons for excess release be justified, original loan agreement and revised loan agreement in the light of new situation be shown and remedial measures be taken for the affected components/development schemes whose allocations were diverted toward Project may also be made known to audit.

(PDP No 26880 – Secretary, Finance Department, Lahore-2017-18)

7.4.17 Irregular payment of rent of office building-Rs.15.93 million

According to Sr. 5 of part-1 of scented schedule of Punjab Delegation of Financial Powers Rules-2006, rent of building is subject to the condition that (i) the accommodation is according to the scale approved by the Government, (ii) the rent does not exceed the tax assessed by the Excise, Taxation and Narcotics Control Department for the purpose of urban immovable property tax. In case the rent exceeds from the rent assessed by the Excise, Taxation and Narcotics Control Department, the

Administrative Department shall give rent reasonability certificate (iii) the rent is made on the basis of property tax, and (iv) non-availability certificate is obtained from the C&W Department.

During audit of various formations of Finance Department, it was observed that the management did not adhere to the above provisions and incurred expenditure of Rs. 15,927,667 on rent of buildings without fulfilling the above conditions. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Divisional Director Local Fund Audit RWP	2001-2017	25651	1,341,667
2	Punjab Revenue Authority, Lahore	2017-2018	23202	5,082,000
3	Punjab Revenue Authority, Lahore	2017-2018	23204	9,504,000
Total				15,927,667

Audit was of the view that disregard to the government rules resulted in irregular payment of rent of building.

When pointed out the matter in August 2017 and October & November 2018, the formation in respect of para at Sr. No. 1 did not offer any reply and as against paras at Sr. Nos. 2 & 3 noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the provisions of rules and seek regularization of the expenditure.

7.4.18 Irregular payment of pay & allowances-Rs.300,000 per month-Rs.9.82 million

According to Rule 2.31 of Punjab Financial Rules Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held

responsible for any over charges, frauds and misappropriations. While as per rule 2.33, every Government servant should fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence. Moreover, the Supreme Court of Pakistan has also taken a serious note on the issue.

During audit of Punjab Revenue Authority, Lahore for the period 2017-18, it was observed that an amount of Rs. 9,822,581 had been drawn by Director Information Technology as pay & allowances through Pay Package which is more than Rs. 300,000 per month.

Audit was of the view that disregard to the government instructions resulted in unauthorized payment of pay and allowances.

Audit pointed out the lapses in October, 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends either to clarify the position or recover the excess paid amount of pay and allowances or get it regularized from the competent authority.

(PDP No. 23206 PRA Lahore 2017-18)

7.4.19 *Doubtful expenditure on electronic media campaign- Rs.6.99 million*

Section 14 of the Auditor-General's (Function, Power and Terms and Conditions of Service) Ordinance 2001 provides that the officer in-

charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

During audit of the office of the Secretary Finance Department Government of the Punjab, Lahore for the period 2017-18, it was observed that an expenditure of Rs. 6,990,975 was incurred on advertisements run by Finance Department regarding Provincial Budget 2017-18. However, Television Video Cassettes (TVCs) of Electronic Media Campaigns were not produced to audit to verify the genuineness of the expenditure. The department disbursed the same amount during the period under audit but the TVCs for the period were neither produced to audit nor were available with the entity. In addition, following discrepancies were noticed:

- Transmission Certificate duly stamped & signed by the TV Channels were not found on record.
- Approved rates of peak time/off peak time of transmission were not found on record.
- Telecast time of transmission and monitoring reports were not found on record.
- Scheduled rates of transmission of TV Channels Broadcasting were not found on record.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce relevant record to the audit for verification.

(PDP No.26900 – Secretary, Finance Department, Lahore-2017-18)

7.4.20 Unauthorized mode of payments-Rs.3.15 million

As per Rule 4.49(a) of Punjab STR read with Government of the Punjab Finance Department letter No. F.D (FRV-6/75(P) dated 20.06.2007, payments in cash to contractors/ suppliers exceeding Rs. 100,000 are strictly prohibited. All payments exceeding Rs.100000 should be made to contractors/ suppliers through Bank Pay Order.

During audit of the Divisional Director Local Fund Audit Sargodha for the period 1999-2018, it was noticed that above instructions of the government had not been followed by the DDO/dealing staff of the department and contrary to it payments upto above stated extent had been drawn from treasury on account of TA/I and payments were made in cash. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of payment	Amount (Rs.)
1	Divisional Director Local Fund Audit Sargodha	1999-2018	24981	Payments to contractors/ suppliers	832,707
2	Divisional Director Local Fund Audit Sargodha	1999-2018	24982	Payments of salaries through manual bills	2,322,288
Total					3,154,995

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

When pointed out the irregularity in August 2018. The management offered vague and evasive replies.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends condonation of irregularity from the Finance Department.

7.4.21 *Irregular expenditure sanctioned beyond competency Rs. 2.11 million*

According to Sr. No. 5 (iv) of Second Schedule (Part-I) of Punjab Delegation of Financial Powers Rules 2016, Divisional Director Local Fund Audit (BPS-18 Officer) being Category-III Officer was empowered to sanction expenditure on rent of non-residential buildings up to Rs. 90,000 per annum in each case.

During audit of Divisional Director, Local Fund Audit Sahiwal for the period 2009-18, it was observed that expenditure amounting to Rs. 2,108,800 was incurred on rent of office building. The expenditure so incurred was held irregular because sanction was either not available on record or in most cases, sanction was accorded by Divisional Director Local Fund Audit who was not competent to sanction expenditure exceeding Rs. 90,000 per annum.

Audit was of the view that weak internal and supervisory controls led to irregular expenditure.

The irregularity was pointed out to the formation in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing the responsibility for non-adherence to the above mentioned rule besides strengthening internal controls to avoid such lapses in future.

(PDP No.29670-Divisional Director, Local Fund Audit Sahiwal- 2009-18)

7.4.22 Un-authorized payment of rent of building-Rs.1.59 million

According to Rule 2.10 (b) (5) of PFR Vol-I, no money is withdrawn from the treasury unless it is required for immediate disbursement or has already, been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time. However, the advance approval of Finance Department is required in cases where advance payment is necessary for running of official work.

During audit of Punjab Revenue Authority, Lahore for the year 2017-18, it was observed that the Authority had made payment of Rs.11,091,168 in advance on account of rent of building against amount of Rs. 9,504,000 approved by the Finance Department. This resulted in unauthorized payment of rent of building amounting to Rs. 1,587,168.

Audit was of the view that disregard to the “Sanctioned amount” and the “Canons of Financial Propriety” resulted in unauthorized payment on account of rent of building.

Audit pointed out the lapses in October, 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the government instructions and seek regularization of the matter from the Finance Department.

(PDP No. 23201- PRA Lahore- 2017-18)

7.4.23 Irregular appointments during ban period-Rs.774,342

As per clause (x) of Finance Department letter No. FD.SO(GOODS) 44-4/2016 dated 14.09.2017, there shall be complete ban on recruitment against vacant posts except with the approval of the Chief Minister.

During audit of the accounts of Divisional Director Local Fund Audit Sargodha for the financial year 1999-2018, examination of personal files revealed that three Auditors and one Computer Operator were recruited during the period 2017-18. The staff was recruited during ban without approval of the Chief Minister Punjab. The appointment as well as payment of salaries of Rs.774,342 was held irregular.

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

When pointed out in August 2018, the department replied that there was no ban on recruitment.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity may be got condoned with the sanction of the competent authority.

(PDP No.24983- Divisional Director Local Fund Audit Sargodha-year 1999-2018)

7.4.24 Irregular purchase of stationery from unregistered firms- Rs.647,120

As per Government of the Punjab Finance Department letter No. SO(Tax)1-1/97 dated 19.09.1998, the purchases are only to be made from the firms which are registered with the sales tax department and quote their registered sales tax number.

The scrutiny of record of Divisional Director Local Fund Audit Sargodha for the period 1999-2018, revealed that an amount of Rs. 647,120 was drawn from treasury and incurred on purchase of stationery and spare parts for vehicle. These items were purchased from the firms which were not registered with FBR and had no NTN/STN.

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

When pointed out in August 2018, the department replied that purchases pointed out are of small amounts. The reply was not admitted by audit as the purchases were made in violation of the government instructions.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be got condoned with sanction of the competent authority.

(PDP No.24986-Divisional Director Local Fund Audit Sargodha-999-2018)

7.4.25 Irregular expenditure on POL in excess of the prescribe limit-Rs.539,160

According to Notification No. MTO (S&GAD)AT-II dated 22.09.1999, issued by the Services & General Administration Department, Government of the Punjab, Lahore, the limit of POL for official use of vehicles by the following officers has been revised to control over consumption and expenditure incurred on POL:

Sr. No.	Designation	Ceiling
1.	Secretary to Govt. of Punjab	200 liters
2.	Additional Secretary to Govt Punjab	175 liters
3.	Deputy Secretary to Govt Punjab	150 liters
4.	Staff Officers to SS/ ACS	200 liters

During audit of Punjab Revenue Authority, Lahore for the period 2017-18, it was observed that expenditure on account of POL was consumed by certain vehicles in excess of the ceilings fixed for category of the officer using the vehicle. The excess consumption of vehicle was worked out to Rs. 539,160. The details are as under:

Sr. No.	Designation	Vehicle No.	Excess POL (liters)	Amount (Rs.)
1.	Addl. Commissioner (Appeal) (BPS-19)	LEJ-3030	751	61,242
2.	Director IT (BPS-19)	LEG-400	229	19,657
3.	Additional Commissioner (BPS-19)	LEJ-4141	1287	105,851
4.	PRA Pool	LEG-11	1006	82,045
5.	Additional Commissioner (BPS-19)	LEG-700	554	46,078
6.	Additional Commissioner (BPS-19)	LEG-500	1316	106,575
7.	Additional Commissioner (BPS-19)	LRJ-6060	1422	117,712
Total				539,160

Audit pointed out the lapses in October 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should either justify the position or effect recovery of the amount from the officers concerned besides strengthening internal controls to avoid recurrence of such lapses in future.

(PDP No. 23208- PRA Lahore- 2017-18)

7.4.26 Irregular expenditure due to violation of Punjab Procurement Rules-Rs. 252,178

In terms of Rule 66 of PPR 2014 read with rule 37, and Freedom of Information Act, 2014 regarding announcement of evaluation reports, “a procuring agency shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract. As soon as a contract has been awarded, the procuring agency shall make, documents related to the evaluation of the bid and award of contract, public. The documents should be uploaded on PPRA website to be approachable by general public”.

Scrutiny of the accounts of Punjab Revenue Authority, Lahore for the period 2017-18 revealed that expenditure was incurred on purchase of stores through open tender competition but results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract was not announced/uploaded on PPRA’s website.

This resulted in mis-procurement/irregular payment to the tune of Rs. 252,178 due to weak supervisory and management controls.

Audit pointed out the irregularity in October, 2018. The department replied that the observation was under consideration, detailed reply would be given after perusing the record and PPRA Act.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should seek condonation of irregularity from the competent authority besides strengthening the internal controls.

(PDP No.23209 PRA Lahore- 2017-18)

7.4.27 Incomplete Public Debt Files

As per Rules of Business 2011, the Finance Department is responsible for management, supervision and control of provincial treasuries, ways & means and public debt including borrowing, lending, guarantees, investments and subsidies.

During scrutiny of record, it was observed that most of the public debt files were incomplete and did not contain the documents required for accurate and fair disclosure of the public debt in the books of accounts of the Finance Department. For instance:

- Monthly progress report of withdrawal from the assignment accounts/statements of assignment accounts.
- Withdrawal applications.
- Project Agreements.
- Reconciled expenditure statements.
- PC-I.
- PC-IV in case of completed projects.
- Final actual figures of withdrawals from donor agencies.

- Closing/unspent balances of assignment accounts of foreign currency and assignment accounts/SDAs in case of Pak currency.
- Detail of total withdrawals duly authenticated by Project Director since the start of the project till close of the project, amount paid directly to the third parties by the donor agencies and debited to the loan account directly on account of commitment charges, service charges, front end fee, interest etc.
- Reconciliation of total withdrawals with EAD and donor agencies.
- Date of refund of unspent balance of foreign currency assignment account to donor agency and its evidence.
- Date of deposit of unspent balance of Pak Rupee in assignment account/SDA into Punjab Government account and its evidence.
- Revised amortization schedule in case where amount of loan drawn was less or excess than that agreed in the loan agreement.

Audit was of the view that the lapse occurred due to weak supervisory controls.

The irregularity was pointed out in August 2018. The management noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that department should arrange and maintain the public debt files properly to ensure transparency in management of public debt.

(PDP No. 26888- Secretary, Finance Department, Lahore-2017-18)

7.4.28 Irregular borrowing without limit

Article 167 of the Constitution of Islamic Republic of Pakistan 1973 provides that the executive authority of a Province extends to borrowing upon the security of the Provincial Consolidated Fund within such limits, if any, as may from time to time be fixed by the Act of the Provincial Assembly, and to the giving of guarantees within such limits, if any, as may be so fixed. Moreover, the Federal Government has fixed for itself the limit of borrowing below 60% of GDP for any given year under the “Fiscal Responsibility and Debt Limitation Act, 2005”.

During the audit of the office of the Secretary Finance Department Government of the Punjab, Lahore for the period 2017-18, scrutiny of record revealed that no limit had been got prescribed through an Act of the Punjab Assembly to fulfill the Constitutional requirements despite the lapse of 45 years since the Constitution of Islamic Republic of Pakistan came into force. It was further observed that the Punjab Government borrowed without any limit keeping in view the GDP benchmark for any given year.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the Finance Department may seek an enactment of the Provincial Assembly to regulate the public debt portfolio in the province.

(PDP No.26902- Secretary, Finance Department, Lahore-2017-18)

7.4.29 Non-framing of rules governing public debt

The custody of the Provincial Consolidated Fund, the payments of money into that funds, the withdrawal of money therefrom, the custody of other money received by or on behalf of the Provincial Government, their payments into and withdrawal from the public account of the Province, and all the matters connected with or ancillary to the matters aforesaid, shall be regulated by an Act of the Provincial Assembly or until provision in that behalf is so made, by rules made by the Governor as per Article 119 of the Constitution of Islamic Republic of Pakistan.

During audit of the office of the Secretary to Government of the Punjab Finance Department, it was observed that the department was required to frame a set of rules/regulations to regulate the receipts and repayments of loans/debts and other liabilities. This was meant to facilitate scrutiny of the principal amounts of loans, their accountal and credit into different books of accounts of SBP/NBP, A.G. Punjab and Punjab Finance Department. Audit considered the framing of these rules necessary as the existing rules and regulations like PFR, TR, Punjab Budget Manual and the procedure for foreign loans do not serve the purpose.

The irregularity was pointed out in August 2018. The management noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department may prepare a suitable draft of bill/act in consultation with Law Department for approval of Provincial Assembly of the Punjab or until provision in this behalf is made, specific rules be got framed with the approval of the Governor to regulate public debt.

(PDP No.26903- Secretary, Finance Department, Lahore-2017-18)

7.4.30 Irregular payments/withdrawal from Punjab Consolidated Fund and Pubic Account

Article 119 of the Constitution of Islamic republic of Pakistan 1973, the custody of the Provincial Consolidated Funds, the payment of moneys into that Fund, the withdrawal of moneys therefrom, the custody of other moneys received by or on behalf of the Provincial Government, their payments into, and withdrawal from, the Public Account of the Province, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by Act of the Provincial Assembly or, until provision in that behalf is so made with the approval of the Governor.

During audit of the office of the Secretary to Government of the Punjab Finance Department for the period 2017-18, scrutiny of record revealed that despite the lapse of 45 years since the Constitution of Islamic Republic of Pakistan came into force, the Finance Department, which was assigned the duty under Punjab Government Rules of Business 2011, did not submit any draft to fulfil the constitutional requirement and till the close of audit in August, 2018, the payments into and withdrawals from the Punjab Consolidated Fund and Public Account were being regulated by rules.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The formation noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that Department should make necessary arrangement to adhere to the Constitutional provisions.

(PDP No.26910-Secretary, Finance Department, Lahore- 2017-18)

Internal control weaknesses

7.4.31 Non-surrendering of savings-Rs.290.58 billion

As per Punjab Government Rules of Business, 2011, Finance Department is responsible for management, supervision and control of the Provincial Finance. Moreover, according to rules laid down in chapter 14 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. As per Punjab Budget Manual, Second statement of excess & surrenders serves the following purposes:

- (i) Finance Department frames the final revised estimates of a financial year.
- (ii) Finance Department relies whether the modified grants for the year will be in excess or in deficit of the actual expenditure. It is main factor in fixing the closing balance of the year to which the statement relates.
- (iii) The second statement furnishes material on which Heads of Departments must base their demands for additional grants and also surrender their for acceptance by the

- (iv) Finance Department. In accurate estimates of excesses and surrenders in the second statement will result in adoption of wrong figures for surrenders or additional grants.

During audit of Finance Department Government for the period 2017-18, scrutiny of the record revealed that the managements left the funds unspent which were not surrendered.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Savings (Rs.)
1.	Secretary Finance Department, Lahore	2017-18	26881	290,146,224,261
2.	Divisional Director Local Fund Audit Rawalpindi	2001-17	25653	49,715,359
3.	Divisional Director Local Fund Audit Sargodha	1999-2018	24985	16,626,676
4.	Secretary Finance Department, Lahore	2017.18	26901	11,453,658
5.	Provincial Revenue Authority Lahore	2017-18	23211	364,051,891
Total				290,588,071,845

Audit is of the view that weak internal controls on “Appropriations” resulted in non-utilization of budgetary grants. Had these funds been surrendered in time, these could have been put to some other useful purposes.

The irregularity was pointed out in August 2017 and August & October 2018. The formations at Sr. Nos. 1 & 4 noted the observations for compliance. The formations at Sr. Nos. 2 & 5 offered no reply. The formation at Sr. No. 3 replied that excess and surrender statement was issued timely. The reply was not acceptable as the excess and surrenders were not accepted by the competent authority.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek condonation of irregularity from the Punjab Government.

7.4.32 Discharge of pending liabilities-Rs.46.50 billion

As per Punjab Government Rules of Business, 2011, Finance Department is responsible for management, supervision and control of the Provincial Consolidated Fund and Public Accounts of the Province and matters connected therewith. Moreover, Rule 17.18 of PFR Vol-I requires that under no circumstances may charges incurred be allowed to stand over to be paid from the grant of another year [vide Rule 2.10 (b) (3)]. If possible, expenditure should be postponed till the preparation of a new budget has given opportunity of making provision and till the sanction of that budget has supplied means; but on no account may charges be actually incurred in one year and thrown on the grant of another year.

During the audit of Finance Department, for the period 2017-18, it was observed that pending liabilities of Rs.46,502,607,735 of the year 2016-17 were cleared from budget of 2017-18 through net supplementary grant which badly affected the finance of province.

Audit is of the view that weak internal controls on “Appropriations” resulted in accumulation of liabilities and expenditure on discharge thereon.

The irregularity was pointed out in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek condonation of irregularity from the Finance Department.

(PDP No 26882 of Secretary, Finance Department, Lahore- 2017-18)

7.4.33 Excess expenditure -Rs.34.22 million

Rule 17.15 of PFR Vol-I requires that no Government servant may, without previously obtaining an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the heads concerned, and when a government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Finance Department, Lahore, it was observed that the management had incurred expenditure under various object heads over and above the budget allocation. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Secretary Finance Department, Lahore.	2017-18	26909	22,689,530
2.	Punjab Revenue Authority, Lahore	2017-18	23212	5,698,843
3.	Divisional Director Deputy Director Local Fund Audit Sargodha	1999-18	24984	3,046,971
4.	Divisional Director Local Fund Audit Rawalpindi	2001-17	25649	2,782,380
Total				34,217,194

Audit was of the view that the lapse occurred due to weak internal controls on “Appropriations” resulted in excess expenditure over and above the budget allocation.

The irregularity was pointed out in August 2017 and August & October 2018. The managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek regularization of the expenditure from the Finance Department.

**7.4.34 Arrears of audit fee and contribution not carried forward-
Rs.7.43 million**

As per Rule 4.7 (1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited into Government account.

During the audit of the Divisional Director Local Fund Audit Sargodha, for the period 1999-2018, it was observed that Audit Fee and Annual Contribution shown as arrears in the monthly statement titled “monthly return regarding recovery of audit fee for the month of June 2012” sent to the Provincial Director Local Fund Audit, Punjab by the Divisional Director Local Fund Audit Sargodha vide No.LS/PA/487 dated 14.07.2012 but the arrear amount to the above stated extent was not carried forwarded to the next month statements i.e., July 2012 and so on. Further, the monthly return which was to be sent by the Divisional Director Local Fund Audit Sargodha to the Provincial Director Local Fund Audit, Punjab on account of recovery of audit fee and annual contribution for the period of July 1999 to May 2012 was not shown to audit.

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

When pointed out in August 2018, the DDO replied that audit fee contribution to the stated extent was not carried forward to next year inadvertently.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that relevant record may be immediately produced to audit. Moreover, the department may investigate as to why receivables were concealed in the receipts statement and provide assurance that the amounts have not been misappropriated.

(PDP No.24978-Divisional Director Local Fund Audit Sargodha-1999-2018)

7.4.35 Non-reconciliation of expenditure statement of foreign funded projects

As per office memorandum No.F2(4)-BS/2000-1146 issued by Government of Pakistan, Finance Division, controlling departments of the provincial government will reconcile expenditure on foreign aided projects with AG/Provincial Finance Department and in case of non-reconciliation by 21st of the following month, AGPR/Provincial AGs should advise the donor through the EAD to take appropriate actions as per donor's financial management guidelines.

During audit of the office of the Secretary Finance Department for the period 2017-18, no such reconciliation statement had been provided to audit.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the departmental authorities should complete the record as per rules and provide it to audit for further scrutiny.

(PDP No. 26891-Secretary, Finance Department, Lahore-2017-18)

Recoveries and overpayments

7.4.36 Non-recovery of electricity dues from different departments- Rs.4,781.61 million

As per Rule 4.7(i) of PFR Vol-I, the departmental controlling officers should see that all sums due to government are regularly received and checked against demands, and that they are paid into the treasury.

During audit of the office of the Secretary, Finance Department, Lahore for the period 2017-18, it was observed that DISCOs claimed and made at source deductions from the amount of electricity duty collected on behalf of Punjab Government before transferring it to provincial government. Major deductions are as under:-

Sr. No.	Name of Department	No. of Connections	Amount in million
1	LG&CD Department	4322	3363.641
2	HUD & PHE Department	804	765.5
3	Home Department	892	333.636
4	C&W Department	326	188.481
5	Transport Department	126	130.349
Total			4781.607

Although the payment was deducted from the provincial resources yet it should be recovered from the concerned department but unfortunately needful was not done. The Provincial departments did not

pay their electricity bills in time although a specific budget was allocated to them every year. Non-recovery of electricity charges caused loss of Rs.4781.607 million to public exchequer.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

The irregularity was pointed out in August, 2018. The formation noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the departmental authorities should take up the matter with Federal Government and collect electricity duty on behalf of Punjab Government to deposit the collected amount as per rules. The Finance Department may direct the government departments and agencies to pay the outstanding utility bills in time and provide record to Finance Department. Moreover reconciliation should be made with Finance Department to avoid excess and falsified payment and at source deduction by DISCOs.

(PDP No. 26897- Secretary, Finance Department, Lahore-2017-18)

7.4.37 Non-recovery of loan-Rs.100 million

As per Rules of Business, 2011, Finance Department is responsible for management, supervision and control of Provincial Finances, Ways & Means and Public Debt including borrowing, lending, guarantees, investments and subsidies etc.

During the audit of Finance Department, Government of Punjab, it was observed that an amount of Rs.100.000 million was released to Engineering Consultancy Services Punjab (Pvt.) Ltd. As interest free loan

during the year 2011-12, 2012-13 and 2013-14 for its establishment/ operational expenditure. The following irregularities were observed:

- The cash inflows and outflows of the project were not known and loan was released at different occasions without assessment of actual cash flow requirement of the project.
- Major irregularity was transferring of loan amount directly to Company's account maintained at Bank of Punjab, Lahore. Expenditure statements and reconciliation were not obtained from the company.
- Loan agreement was signed on 04.02.2014 according to which interest free loan was repayable within 5 years including 2 years grace period. However, perusal of the record reveals that despite requests of Finance Department, ECSP had not paid due principal amounting to Rs.60.00 Million upto 30.06.2018.
- The loan was granted on the security of the ECSP assets which are not known till date. Any default in repayment of loan by the company will have to be borne by the Government.
- The company did not provide annual, quarterly and semiannual financial reports in violation of the article 4 of the agreement.

Audit was of the view that a loophole in the financial control on public money resulted into loss to public exchequer.

The irregularity was pointed out in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should take necessary steps for immediate recovery of loan amount from the entity.

(PDP No. 26889 of Secretary, Finance Department, Lahore-2017-18)

7.4.38 Loss to government due to non recovery of audit fee-Rs.20.94 million

As per Rule 4.7 (1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited into government account.

During audit of the Divisional Director Local Fund Audit Sargodha & Rawalpindi it was observed that Audit Fee was required to be charged from the formations/ institutions, audited by the Local Fund audit Sargodha & Rawalpindi on the approved rates circulated by the Provincial Directorate, Local Fund Audit, Punjab, Lahore, vide memo no.SO-VII-7-12/82 dated 08.10.1995. From the scrutiny of Demand and Collection Register of the department, it transpired that recovery on account of Audit Fee/Annual contribution of Rs. 20,938,172 was not made good from various local bodies/ institutions, who had been provided audit services by the Local Fund audit. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Divisional Director Local Fund Audit R/Pindi	2001-17	25648	20,809,942
2	Divisional Director Local Fund Audit Sargodha	1999-18	24980	128,230
Total				20,938,172

Audit was of the view that the lapses occurred due to poor follow up of outstanding amount of audit fee.

When pointed out in August 2017 and August 2018, the formation at Sr. No. 2 replied that outstanding audit fee amounting to Rs. 128,230 existed in the accounts/ audit fee register of the Directorate. Strenuous efforts were being made to recover the audit fee. The formation at Sr. No. 1 did not offer reply.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be looked into and effective steps be taken to get the outstanding amount of Audit fee recovered from the institutions concerned.

7.4.39 *Non-deduction of General Sales Tax-Rs.5.37 million*

According to Rule 2 of The Sales Tax Special Procedure (Withholding) Rules, 2007 issued vide S.R.O. 660(1)/2007 dated 30.06.2007 read with Board of Revenue letter No. 4(47)5 (B)95 Vol dated 04.08.2001, under the unavoidable circumstances and for the reasons to be recorded in writing, if purchases are made from unregistered persons, by the Government departments, autonomous bodies and public sector organizations (withholding agents), the withholding agent shall deduct full amount of sales tax @ 17% involved on the taxable supplies made to him from the payment due to the supplier and deposit it in the designated branch of the NBP by the 15th of the month following the month during which payment has been made to the supplier(s).

During audit of Punjab Revenue Authority, Lahore for the period 2017-18, it was observed that the revenue authority did not deduct the full amount of sales tax at the time of payment of expenditure on the

purchase of goods from the un-registered persons. This resulted into non-deduction of sales tax of Rs. 5,372,642.

Audit was of the view that weak internal controls resulted in non-deduction of sales tax.

Audit pointed out the lapse in October 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommended that the department should effect recovery of the stated amount.

(PDP No. 23203 PRA Lahore 2017-18)

7.4.40 *Loss to government due to less/non deduction of income tax- Rs.2.43 million*

According to Section 153 (1) (a) and (b) of Income Tax Ordinance 2001, read with Finance Act 2015 and 2016, rate of withholding tax on sale of goods was 4.5 % for filer and 6.5 % for non-filer whereas rate of withholding tax on services was 10 % for filer and 15 % for non-filer. Moreover, according to Section 155 of Income Tax Ordinance 2001, 5% Income Tax on the amount of rent exceeding Rs. 200,000 was to be deducted during 2009-2016 and Rs. 20,000 + 10% of gross amount of rent exceeding Rs. 600,000 was to be deducted during 2016-18.

During audit of Finance Department it was observed that the management while making payments to the contractors/suppliers and owner of the building did not deduct income tax at the prescribed rates.

The details are as under:

Sr. No	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Divisional Director, Local Fund Audit Sahiwal	2009-18	29672	98,166
2	Punjab Revenue Authority, Lahore	2017-18	23205	2,329,682
Total				2,427,848

Audit was of the view that weak internal controls resulted in non/less deduction of income tax.

The irregularities were pointed out to the formations in October 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends recovery of the amount of income tax and its deposit into treasury under intimation to Audit.

7.4.41 Non-levy of stamp duty -Rs.86,274

As per Section 22(A)(b) of Schedule-I of Stamp Act 1899 as amended through Finance Act 1995, Government of the Punjab has levied stamp duty on the contracts entered into for procurement of stores and materials by a contractor with Government, Agencies or Organizations set up or controlled by the provincial government at the rate of 25 paise for every Rs.100 or part thereof of the amount of contract.

During the course of audit of the accounts of Punjab Revenue Authority, Lahore for the period 2017-18, it was observed that the revenue authority had entered into contract with various contractors for procurement of stores and other items but the stamp duty at the prescribed rate was neither recovered nor paid by the contractors.

Audit was of the view that non-realization of stamp duty amounting to Rs. 86,274 in 6 cases indicates weak financial and internal controls.

Audit pointed out the irregularity in October, 2018. The department replied that formal receipts against payments made to different parties with stamps as per Stamp Act would be obtained and provided to audit in due course of time.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should recover the amount pointed out at the earliest.

(PDP No. 23210- PRA Lahore-2017-18)

Others

7.4.42 Loss to government due to non auction of unserviceable store-Rs.90,148

According to Rule 15.18 and 15.21(5) of PFR Vol-I, the balances of store must not be held in excess of the requirements of a reasonable period or any prescribed maximum limit as the accounting for and maintenance of unserviceable store which cannot be utilized by the department, involve waste of labor and space. The retention of store in excess of probable requirement of the department may result in loss to government through deterioration.

During examination of record of Punjab Revenue Authority, Lahore, for the period 2017-18 it was observed that certain unserviceable

item were available for auction but the same were not auctioned/disposed off and decreasing in value day by day resulting in loss to government. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Punjab Revenue Authority, Lahore	2017-18	23213	75,000
2.	Punjab Revenue Authority, Lahore	2017-18	23207	15,148
Total				90,148

Audit was of the view that weak internal controls resulted in non-auction of unserviceable items.

The lapses was pointed out by audit in October 2018. The department noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should auction the unserviceable items and deposit the sales proceed in government treasury at the earliest.

7.4.43 Follow up of Special Audit Reports

As per instructions of Finance Department (Govt. of the Punjab) issued vide Letter no. SO (TT) 11-1/2008 dated 25-04-2008 (circulated by the Provincial Director Local Fund Audit Punjab, Lahore vide letter No.PDP/3(10)I / 895 dated 26-04-2008) all the Divisional Directors Local Fund Audit in the Punjab were directed to carry out the Special Audit of 144 TMAs in Punjab for the period from 2001-2008.

During audit of the Divisional Director Local Fund Audit Rawalpindi for the period 2001-17, it was noticed that sixteen (16) Special

Audit Parties were constituted by the Divisional Director Local Fund Audit Rawalpindi to carry out Special Audit of TMAs falling under the jurisdiction of Local Fund Audit Rawalpindi. However, the department did not pursue vigorously the Special Audit Reports of TMAs although considerable audit resources were utilized for the activity.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

When pointed out during audit in Aug 2017, no reply was given by the department.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be inquired into at higher level and responsibility be fixed for poor follow up of Special Audit Reports.

(PDP No. 25650- Divisional Director Local Fund Audit Rawalpindi-2001-17)

CHAPTER 8

FOOD DEPARTMENT

8.1 Introduction

Food Department in the province of Punjab was established during World War-II for supply of *atta*, sugar and other commodities. Statutory Rationing of wheat, *atta* and sugar was made. Wheat was procured under monopoly scheme by Food Department and supplied to Flour Mills for grinding.

Under the Foodstuff (Control) Act, 1958, Food Department was assigned responsibilities for regulating business of food grains including purchases, storage, sales, transfer, milling, etc.

As per Punjab Government Rules of Business 2011, the main functions of the Department are as follows:

- Procurement of wheat for issuance to the mills.
- To act as government agent to provide a wheat purchase window to the farmers at support price.
- Ensure Food Security in wheat and wheat products.
- Transportation from surplus to deficit regions.
- Protection of wheat from pest and other hazards.
- Targeted Food Support Programmes and Ramzan/Christmas Packages.
- Undertaking all activities related to export of wheat upto supply at port.
- Co-ordination with MOF, MOC, MNFSR, other provinces and International Agencies for matters relating to wheat.

8.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Food Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during financial year 2017-18 against the total of seven grants/appropriations was as follows:

(Rupees in million)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	116.715	(20.276)	96.439	88.077	(8.362)
PC21030	30,404.156	0.001	30,404.157	8,959.418	(21,444.739)
PC21031	2,700.394	(664.267)	2,036.127	1,672.853	(363.274)
PC13033(Charged)	21,524.000	-	21,524.000	21,464.458	(59.542)
PC16033(Voted)	142,532.679	189.174	142,721.853	55,242.790	(87,479.06)
PC22036	146.280	(134.733)	11.547	11.547	0.000391
PC16047 (D)	95,900.300	-	95,900.300	22,942.000	(72,958.300)
Total	293,324.524	(630.101)	292,694.423	110,381.142	(182,313.28)

Overview of Expenditure

The final budget of Food Department for the year ended 30 June, 2018 was Rs.292,694.423 million. Out of this, actual expenditure was Rs.110,381.142 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	293,178,244,000	110,369,594,276	(182,808,649,724)	62.35
Development	146,280,000	11,547,391	(134,732,609)	92.11
Total	293,324,524,000	110,381,141,667	(182,943,382,333)	62.37

During the year, due to supplementary grants and surrenders amounting to Rs. (630.101) million, this composition changed. Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	292,682,876,000	110,369,594,276	(182,313,281,724)	62.29
Development	11,547,000	11,547,391	391	0.00
Total	292,694,423,000	110,381,141,667	(182,313,281,333)	62.29

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs.(182,313.28) million at the close of the year 2017-18 under grants PC21010, PC21030, PC13031, PC13033,& PC16033/ PC16047 (D) were not surrendered in time by the Department.

Excess expenditure requiring regularization

As per Para 13.2 (ii) of Punjab Budget Manual, the total expenditure incurred on a purpose does not exceed the grant or grants provided for that purpose. However, excess expenditure amounting to Rs. 0.000391million for the year 2017-18 under grantPC22036 had not been got regularized so far. This was breach of legislative control over appropriations.

8.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1984-85	110	80	30	73
2	1985-86	180	114	66	63
3	1986-87	59	37	22	63
4	1987-88	87	17	70	20
5	1988-89	68	27	41	40
6	1989-90	23	3	20	13
7	1990-91	26	3	23	12
8	1991-92	56	6	50	11
9	1992-93	31	4	27	13
10	1993-94	30	11	19	37
11	1994-95	73	0	73	0
12	1995-96	13	0	13	0
13	1996-97	96	38	58	40
14	1997-98	84	31	53	37
15	1998-99	174	104	70	60
16	1999-00	164	101	63	62
17	2000-01	214	167	47	78
18	2001-02	251	212	39	84
19	2003-04	109	0	109	0
20	2005-06	29	8	21	28
21	2006-07	37	24	13	65
22	2009-10	77	22	55	0
23	2010-11	35	10	25	29
24	2011-12	20	8	12	40
25	2012-13	36	0	36	0
Total		2082	1027	1055	49

The compliance status of Food Department remained unsatisfactory during the years 2003-04, 2009-10, 2010-11 and 2012-13. Moreover, the attention of the department is also drawn towards the compliance status for the years 1989-90 to 1995-96.

8.4 AUDIT PARAS

Fraud/Misappropriation

8.4.1 Loss to government due to fraudulent sale of wheat at subsidized rates-Rs. 3.16 million

As per instruction No.1 contained in letter No.SOF-IV-6-1/2018 dated 15.5.2018, the Food Department will release wheat to functional flourmills at subsidized rate of Rs.800 per 40 kg (inclusive of bag on the pattern of previous releases for Ramzan Bazaar as well as for open market). The instructions issued for the issuance of wheat during the Holy month of Ramzan for the Muslim community of the Punjab were also applicable on the issuance of government wheat on subsidized rate on the eve of Christmas i.e. 22nd to 24th December every year, for the Christian community of the Punjab.

During audit of Food Department, scrutiny of the record of the District Food Controller, Chakwal and Attock for the period 2017-18 revealed that government had to bear loss due to fraudulent sale of wheat of Christmas quota on 29.12.2017 i.e. after expiry of specified period of Christmas. The authority fraudulently issued subsidized wheat beyond the days of Christmas which was unauthorized. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	DFC Chakwal	2017-18	27431	2,529,821
2.	DFC Attock	2017-18	29817	470,926
3.	DFC Chakwal	2017-18	27432	160,875
Total				3,161,622

Audit was of the view that weak administrative and supervisory controls resulted in unauthorized extension of benefit to some people.

The matter was pointed out in August and September 2018. The management at Sr. No. 1 stated that detailed reply will be submitted later

on. The management at Sr. No. 2 offered no comments. The management at Sr. No. 3 replied that Atta was released on 25.12.18 and wheat was issued to the flour mills later on. The contention of the department was not accepted as the same was not supported with documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix responsibility, take disciplinary action against the responsible persons and make good the loss besides strengthening of internal controls.

8.4.2 Shortage of wheat, bardana & jute bag-Rs.17.74 million

As per Rule 15.10 (4) of PFR Vol-I, all discrepancies noticed must be properly investigated and brought to account immediately so that the inventory may represent the true account.

During audit of Food Department, scrutiny of inventory registers of various centers under District Food Controllers revealed that certain quantities of wheat, bardana, jute bags etc. valuing Rs.17,744,528 were missing. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Shortage	Amount (Rs.)
1	District Food Controller, Attock	2017-18	29813	Stock articles	5,815,276
2	District Food Controller, Sargodha	2016-18	24966	Wheat	6,482,228
3	District Food Controller, Sargodha	2016-18	24963	Wheat	3,725,515
4	District Food Controller, Sargodha	2016-18	24971	Bardana	332,432
5	District Food Controller, D.G. Khan	2017-18	29677	Bardana	297,576
6	District Food Controller, B/Pur	2017-18	27696	Bardana	240,550
7	District Food Controller, Kasur	2016-18	27680	Bardana	237,258
8	District Food Controller, Faisalabad	2016-18	26322	Bardana	237,258

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Shortage	Amount (Rs.)
9	District Food Controller, Sahiwal	2017-18	28955	Bardana	160,176
10	District Food Controller, Chiniot	2016-18	29656	Bardana	155,616
11	District Food Controller, Layyah	2016-18	25169	Bardana	60,643
Total					17,744,528

Audit was of the view that weak internal controls on “Inventories” resulted in shortage of above items.

The lapses were pointed out to concerned formations from August to November 2018. The management at Sr. No.1 offered no comments. The managements at Sr. Nos. 2 to 11 noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends inquiry of the matter to fix the responsibility besides recovery of the loss from the delinquents.

8.4.3 *Non-accountal and non-distribution of PP bags and POL-Rs.171.95 million*

As per Rule 15.12 of PFR Vol-I, a reliable list, inventory or account of all stores in the custody of government servant must be maintained, to enable a ready verification of stores and check of accounts at any time. Transactions must be recorded in it as they occur. Moreover, Rule 15.4 (a) *ibid* requires that all materials received should be examined, counted measured and weighed, as the case may be, when delivery is taken and then entered in the appropriate stock register.

During audit of Director Food Department Lahore for the period 2016-17, it was observed that PP bags and POL valuing Rs. 171,947,728 were not found entered in the stock register and log books.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Directorate Food Punjab Lahore	2016-17	25388	171,813,110
2	Directorate Food Punjab Lahore	2016-17	25426	134,618
Total				171,947,728

Non-accountal of stock in the register reflected weak supervisory and financial control of the management.

The matter was pointed out to the concerned formations in August 2017. The management in respect of para at Sr. No. 1 replied that allocated bales were accounted for at the center, however, 5606 bales inspected and on receipt of test report of the bales the same were allocated and dispatched to the centers. The reply of the management was evasive as allocation of bags order did not show the distribution of the disputed bags. The management at Sr. No. 2 replied that the entries were made.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into at appropriate level for fixing responsibility and effecting recovery besides action against the defaulters.

8.4.4 Un-justified excess grinding of wheat by the flour mills- Rs.3,547.66 million

As per instruction No.8 contained in letter No. SOF-IV-6-1/2018 dated 15.5.2018, the grinding of wheat will be verified on the basis of

electricity consumption of 4.5 units per 100 kg wheat milled. Grinding on generator would not be allowed. The Deputy Commissioner and District Food Controller concerned shall keep a record of the meter reading on daily basis of the mills grinding government wheat. As per instruction No.9 contained in above referred letter there will be complete restriction on private grinding, sale of value added products i.e. fine, maida, suji bran etc.

During audit of Food Department, scrutiny of the record of the following formations, revealed that government sustained huge loss due to excess grinding of subsidized wheat of Ramzan Package.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	District Food Controller-II, Lahore	2016-18	27717	1,956,483,340
2	District Food Controller, T.T.Singh	2016-18	29625	105,280,000
3	District Food Controller, Sahiwal	2017-18	28976	99,606,260
4	District Food Controller, B/Nagar	2017-18	29710	97,717,720
5	District Food Controller, Mianwali	2016-18	30456	79,260,580
6	District Food Controller, Vehari	2017-18	29764	66,289,250
7	District Food Controller, Khanewal	2017-18	29799	48,521,000
8	District Food Controller, Gujrat	2016-18	27731	31,606,830
9	District Food Controller, Narowal	2016-18	28929	11,509,530
10	District Food Controller, Sahiwal	2017-18	28975	1,899,595
11	District Food Controller, Attock	2017-18	29809	976,990,000
12	District Food Controller, Chakwal	2017-18	27427	52,669,655
13	District Food Controller, Sahiwal	2017-18	28957	19,822,438
Total				3,547,656,198

The matter was pointed out from July to November 2018. The managements at Sr. Nos.1 to 5 noted the observations for compliance and Sr.No.6 replied that the department maintained record of issue of wheat and production of Atta in open and Ramzan Bazar. The exercise was completed with the local administration and direct supervision of DC and Food department. The management at Sr. No.7 replied that all SOPs had

been implemented during release of wheat and supply of atta in Ramzan Bazar. The managements at Sr.Nos.8 to 10 & 13 noted the observation for compliance. The managements at Sr. Nos.11 & 12 offered no comments

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends inquiry of the matter to fix the responsibility against those at fault besides recovery of the loss.

8.4.5 Non/less payment to growers-Rs. 344.89 million

As per Rule 2.10(a)(1) of PFR 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 the expenditure of his own money. Further, as per Rule 2.33 ibid, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Food Department, scrutiny of Form-3 and bank scroll/last payment certificate revealed that less payments were made to growers. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	District Food Controller, Faisalabad	2016-18	26328	293,860,522
2	District Food Controller, Sargodha	2016-18	24962	30,416,533
3	District Food Controller, Layyah	2016-18	25163	8,985,779
4	District Food Controller, D.G.Khan	2017-18	29675	3,610,356
4	District Food Controller, Multan	2017-18	27750	3,701,569
5	District Food Controller-I, Lahore	2017-18	25186	3,413,144
6	District Food Controller-I, Lahore	2017-18	25187	795,652
7	District Food Controller, Bhakkar	2017-18	29640	104,288
Total				344,887,843

Audit was of the view that weak internal controls led to less payment to wheat growers.

The lapses were pointed out from July to November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed and responsibility be fixed for non/less payment to growers besides strengthening the internal control.

8.4.6 Loss due to export of wheat on irrational/less price- Rs.1,877.63 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the Govt. through fraud or negligence on his part.

During audit of District Food Controller (DFC) Rahim Yar Khan for the period 2017-18, it was observed that the DFC sold export quality Wheat (114510 MT) during February 2018 to April 2018 out of wheat scheme 2016-17 to various exporters for the export through Sea route and through Land route at unrealistic price which was 54.17% and 40.95% less than the purchase price of wheat paid to the growers. It ultimately resulted in a huge monetary loss sustained by the National Exchequer. The details are given below.

Sr. No.	Route	Total Qty Sold in M. Ton	Price charged for each M. Ton	Total Amount of wheat sold for export	Purchase Rate of Wheat scheme 2016-17	Rate less charged for each M. Ton	Monetary Loss (Rs.)
1	Land route	33,410	19,244	642,942,040	32,590 (per MT)	13,346	445,889,860
2	By Sea	81,100	14,936	1,211,309,600	32,590	17,654	1,431,739,400
Total		114,510		1,854,251,640			1,877,629,260

It is further pointed out that exporters were required to submit export documents (detail mentioned at clause-f (i to vii) of Food Department Notification No.SOF-1-3-1/18(W.E) dated 08.02.2018) to the Food Department to assess the genuineness of the export but the same were found missing in the record of DFC. Moreover, the record pertaining to selection of parties/exporters through open competitive bidding process was also not maintained or shown to audit for a detailed scrutiny. In the absence of these documents, the authenticity of export becomes doubtful and suspicious.

Audit was of the view that ill planning regarding storage of wheat beyond actual requirement and thereafter irrational export policy of wheat made by the Food Department has resulted in aforesaid financial loss sustained by the State Exchequer.

When pointed out in November 2018, the department did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter may be investigated at higher level, record thrashed out in totality, responsibility fixed against defaulters and loss be made good from the officers held responsible under report to audit.

(PDP No. 29681-DFC Rahim Yar Khan-2017-18)

Non-production of record

8.4.7 *Non-production of record*

Section 14 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that the officer in-charge of any office/department shall afford all facilities and provide

record for audit inspection and comply with request for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency & Discipline Rules.

During audit of Food Department, the auditable record was not produced to audit for scrutiny despite repeated requests. (Annexure-9).

Audit was of the view that due to non-production of record, the authenticity of the accounts could not be verified.

The irregularity was pointed out to concerned formations from July to November 2018. The managements at Sr. Nos. 2 to 5, 7, 8, 12 to 16, 19, 20, 23, 24, 26, 30 and 34 to 39 noted the observations for compliance. The managements at Sr. Nos.10, 11, 18, 22, 29, 33 & 40 did not offer any comments. No cogent reply was offered by the managements at Sr. Nos.1, 6, 9, 17, 21, 25, 27, 28, 32, 33 & 41. Rest of the formations stated that reply would be submitted after scrutiny of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

Irregularity and non-compliance

8.4.8 *Irregular expenditure on construction of plinths-Rs.31.88 million*

As per Rule 9 of Punjab Procurement Rules 2014, a procuring agency shall announce in an appropriate manner all proposed procurement for each financial year and shall proceed accordingly without any splitting or regrouping of the procurement so planned. Moreover, as per Rule 12

ibid, procurement over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on PPRA website. Moreover, as per Rule 2(b)(xxv)(a)(ii&v) of Punjab Delegation of Financial Powers Rules 2016, Category-I & IV officers are competent to incur expenditure up to Rs.200,000 & Rs.100,000 respectively in each case.

During audit of Food Department, it was observed that an amount of Rs.31,882,338 was incurred on construction of plinths without observing above mentioned rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
1	DFC Mianwali	2016-18	30455	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction detailed estimates and original MBs were not produced.	1,077,600
2	DFC Lodharan	2016-18	29781	Work was not carried out by advertising tender through PPRA website. Detailed estimates and original MBs were not produced.	2,151,260
3	DFC Layyah	2016-18	25177	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction detailed estimates and original MBs were not produced.	1,955,260
4	DFC Chiniot	2016-18	29665	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction detailed estimates and original MBs were not produced.	529,000

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
5	DFC Kasur	2016-18	27691	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction and detail estimates, original MBs were not produced.	1,088,000
6	DFC Gujranwala	2016-18	28950	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction detailed estimates and original MBs were not produced.	396,000
7	DFC Khushab	2016-18	27738	Work was not carried out by advertising tender through PPRA website. Annual procurement plan and bid evaluation report were not uploaded	649,988
8	DFC Okara	2016-18	26276	Annual procurement plan and bid evaluation report were not uploaded. Professional tax certificate	3,769,050
9	DFC Sargodha	2016-18	24977	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction detailed estimates and original MBs were not produced.	7,960,400
10	DFC Rahim Yar Khan	2017-18	29688	Work was not carried out by advertising tender through PPRA website Annual procurement plan was not uploaded	1,755,400

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
11	DFC Sahiwal	2017-18	28969	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction detailed estimates and original MBs were not produced.	4,811,500
12	DFC Bahawalnagar	2017-18	29711	Work was not carried out by advertising tender through PPRA website. Administrative approval, technical sanction detailed estimates and original MBs were not produced.	5,738,880
Total					31,882,338

Audit was of the view that disregard to Delegation of Financial Powers Rules and Punjab Procurement Rules resulted in irregular expenditure on construction works.

The lapses were pointed out to concerned formations from July to November 2018. The formations at Sr. Nos. 1,3 to 9,11 & 12 noted the observations for compliance whereas no reply was offered by formations at Sr. Nos. 2 & 10.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence to rules and regularization of the expenditure be sought from the Finance Department.

8.4.9 Irregular expenditure on repair of godowns and plinths- Rs.9.24 million

Rule 12 of Punjab Procurement Rules 2014 provides that procurement over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on PPRA's website. Moreover, according to Sr. No. 39 of second schedule of Punjab Sales Tax Act 2012 sales tax @ 16% is leviable on services provided for specific purpose including maintenance & repair of building and equipment.

During audit of Food Department, it was observed that an amount of Rs.9,236,518 was incurred on repair of godowns and plinths without obtaining competitive rates through PPRA Website in violation of above mentioned rules and Punjab Sales Tax & income tax on services amounting to Rs.796,125 (sr. no. 2 to 4) was not withheld/deducted. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	DFC Rahim Yar Khan	2017-18	29686	1,901,122
2	DFC Bahawalnagar	2017-18	29714	1,996,500
3	DFC Lodharan	2016-18	29780	1,715,249
4	DFC Multan	2017-18	27746	131,647
5	DFC RajanPur	2016-17	24206	3,492,000
Total				9,236,518

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

The lapses were pointed out to concerned formations from July to November 2018. The formations at Sr. Nos. 2, 4 & 5 noted the observations for compliance whereas no reply was offered by formations at Sr. Nos.1 & 3.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence to rules, regularization of the expenditure be sought from the Finance Department and recovery of taxes be made.

8.4.10 Irregular appointment of contingent paid staff - Rs.66.40 million

According to Government of the Punjab Finance Department Notification No. RO(Tech) FD 2-2/2016 dated 05.09.2016, appointments of work-charged employees shall be made by the competent authority under Delegation of Financial Power Rules 2016 subject to the condition that the post(s) shall be advertised properly in the leading newspapers. Moreover, as per Supreme Court of Pakistan ruling dated 19.01.1993, passed in Human Rights case No.104 (I to IV) 1992 read with Government of the Punjab S&GAD notifications No. SOR-III-2-2/91 dated 05.10.1995 and No.DS(O&M)5-3/2004/Contract)(MF) dated 29.12.2004, no recruitment should be made against any post which is not advertised properly.

During audit of Food Department for the period 2017-18, it was observed that an expenditure of Rs.66,396,184 was incurred on payment of salaries to contingent paid staff. The expenditure was held irregular on the ground that the employees were appointed without advertisement in the leading newspapers and these appointments were made without the prior approval of the Austerity Committee constituted by the Finance Department. The details of expenditure are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	DFC Pakpattan	2016-18	28911	13,354,050
2.	DFC Bhakkar	2017-18	29635	10,974,930
3.	DFC Bahawalnagar	2017-18	29699	20,037,392
4.	DFC TT Singh	2016-18	29618	5,180,432

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
5.	DFC Nankana	2016-18	28919	924,000
6.	DFC Nankana	2016-18	28918	912,000
7.	DFC Sheikhupura	2017-18	27664	648,000
8.	DFC Sheikhupura	2017-18	27671	3,899,880
9.	DFC RajanPur	2016-17	24202	10,465,500
Total				66,396,184

Audit was of the view that disregard to government instructions and court orders resulted in irregular appointment of contingent paid staff.

The irregularities were pointed out to concerned formations from July to November 2018. The formations at Sr. Nos. 1 to 6 noted the observations for compliance whereas formations at Sr. Nos. 7 & 8 replied that matter will be taken up with concerned authority and extension will be sort out. Replies were not acceptable as appointments were made without advertisement in newspapers. The formations at Sr. Nos.9 did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter to fix responsibility and besides regularization of the expenditure and adherence to government instructions in future.

8.4.11 Misprocurement of goods and services-Rs.876.23 million

As per Rule 9 of Punjab Procurement Rules 2014, a procuring agency shall announce in an appropriate manner all proposed procurement for each financial year and shall proceed accordingly without any splitting or regrouping of the procurement so planned. Moreover, as per Rule 12

ibid, procurement over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on PPRA's website.

During audit of Food Department, it was observed that an expenditure of Rs.876,230,575 (Annexure-10) was incurred on procurement of dunnage material (Bhoosa and PP bags), chemicals, printing work, fumigation services and hiring of generators without observing above mentioned rules.

Audit was of the view that deviation from Punjab Procurement Rules resulted in irregular expenditure and weak internal control on taxation resulted in non-recovery of taxes.

The irregularity was pointed out to concerned formations from July to November 2018. The formations at Sr. Nos.1 to 6, 8 to 17, 19 to 22, 24 to 29, 31, 33, 34, 38, 39, 42, 43, 45 to 51 & 53 noted the observations for compliance. The formations at Sr. Nos.7, 18, 23, 37 & 52 did not offer any comment. No cogent reply was offered by the formations at Sr. Nos. 40 & 44. The formations at Sr. Nos. 30, 32, 35, 36 & 41 stated that the reply would be submitted after scrutiny of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for mis-procurements and non-recovery of taxes.

8.4.12 *Unauthorized sanction of expenditure-Rs.2.29 million*

As per Sr. No 3 of Delegation of Financial Powers Rules 2016, the Officers in Category-IV are empowered to sanction expenditure against the detailed objects in the budget estimates not exceeding Rs.1.000 million at a time.

During audit of Food Department, it was observed that above financial rules were not followed by the management while sanctioning the expenditure. The expenditure was held irregular as the sanctions were accorded beyond competency. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	DFC Rahim Yar Khan	2017-18	29689	1,199,436
2	DFC Rajanpur	2016-17	24212	1,095,166
Total				2,294,602

The matter was pointed out to concerned formations in September 2017 & November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the expenditure be got regularized from the competent authority besides strengthening of supervisory and internal controls.

8.4.13 *Non testing of specifications of purchased PP & jute bags- Rs.4,102.69 million*

As per Rule 15.12 of PFR Vol-I, a reliable list, inventory or account of all stores in the custody of Government servants must be maintained, to enable a ready verification of stores and check of accounts at any time. Transactions must be recorded in it as they occur. Moreover, Rule 15.4 *ibid*, requires that all materials received should be examined, counted measured and weighed, as the case may be, when delivery is taken and then entered in the appropriate stock register.

During audit of Food Department, audit observed that the department purchased PP and jute bags valuing Rs.4,102,686,552 without getting the specifications tested from any government recognized laboratory. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Directorate Food Punjab Lahore	2016-17	25391	2,251,560,420
2	Directorate Food Punjab Lahore	2016-17	25392	984,555,000
3	Directorate Food Punjab Lahore	2016-17	25394	186,042,022
4	Directorate Food Punjab Lahore	2016-17	25389	171,813,110
5	Secretary Food Punjab Lahore	2017-18	24991	508,716,000
Total				4,102,686,552

Non testing of specification of purchased PP & Jute bags was due to weak supervisory and financial controls of the management.

The matter was pointed out to the concerned formations in August 2017 and July 2018. The formations at Sr. Nos.1 to 4 did not offer cogent replies. The formation at Sr. No. 5 noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should either justify its contention with the support of record or seek regularization of irregularity from the Finance Department besides action against the defaulters.

8.4.14 *Irrational issue/sale of bardana on the basis of weight-Rs. 66.40 million*

As per Government of the Punjab Food Department letter No. SOF (F-IV) 3-8/2016 dated 30.01.2018, the issue price of wheat will be Rs. 175 per 40 kg inclusive of bardana. Moreover, as per Director Food

letter No. ADF-1 (Release of Wheat) /2017-18 dated 14.10.2016, in case of sale of wheat to flour mills, the wheat stock equivalent to the weight of bardana i.e, 1100 grams in case of jute bag and 115 grams in case of PP bags will be taken back and accounted for in GP-5 (stock report). For example, if at a centre a quantity of 552.500 m.ton wheat is stored in 5525 jute bags. For sale of 400 m.ton wheat to flour mill, the centre incharge will issue 395.600 m. ton wheat packed in 4000 bags. A weight of 4.4 m.ton would be saved. As per Food Department letter No. SOF(F-IV) 3-8/2016 dated 19.10.2017, the price of jute and PP bag was Rs. 148.50 and Rs. 32.20 per bag respectively.

During audit of office of the District Food Controller, Pakpattan for the year 2016-18, it was noticed during audit that wheat was sold to flour mills from PR centres of the DFC, Pakpattan alongwith bardana. The cost of bardana was recovered from mills by including its weight into weight of wheat. The separate price of the bardana was not recovered. The cost of bardana was recovered on basis of its weight instead of its actual purchase price. The purchase price was Rs 148.50 while its weight price was Rs 35.83. On one jute bag, a loss of Rs 112.67 was caused to government. By including its weight into weight of wheat, the lesser amount was recovered and loss of Rs. 66,400,895 was caused to government.

Audit was of the view that the lapse occurred due to negligence and non-adherence to rules and instructions.

When pointed out in August 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that policy may be reviewed and the cost of bardana may be recovered on cost basis.

(PDP No.28908-DFC Pakpattan-2016-18)

8.4.15 *Loss to government due to unauthorized agreement with private insurance company-Rs.4.83 million*

Section of 166 read with Section 156 of Insurance Ordinance 2000 requires Federal and Provincial Government to place all insurance business relating to public property with the National Insurance Company Limited (NICL) only. Any person who insures and any insurer which accepts insurance of any public property or liability knowing such insurance to be in contravention of this statutory requirement shall be guilty of an offence and any insurer who makes a default in complying with or act in contravention of any requirement of the ordinance and, where the Insurer is a company, any Director or the Officer of the Company, who is knowingly a party to the default shall be punishable with fine which may extend to one million rupees and in the case of continuing default with an additional fine which may extend to Rs.10,000 for every day during which the default continues. Further, as per S&GAD letter No.SO (FG)5-17/2017 dated 25.04.2017 regarding Insurance of Public Property refer the copy of letter No.NICL/BD/SGA & ID/20167 dated 14.04.2017 and directed to take necessary action accordingly and report may be provided to this Department at the earliest. The above said letter of NICL described the Section 166 & 156 of Insurance Ordinance 2000 as detailed above.

During audit of Punjab Food Authority, Lahore for the period 2017-18, scrutiny of record revealed that insurance of vehicles was made

from M/s United International Group, Lahore instead of National Insurance Company Limited against the provision of rule.

The lapse was occurred due to negligence of the management and its non-adherence to rules and instructions.

When pointed out in August 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be investigated at Administrative level and responsibility fixed for non-adherence to government instructions.

(PDP No.26290-Punjab Food Authority Lahore -2017-18)

8.4.16 Loss to government due to defective policy-Rs.808.70 million

According to wheat release policy issued by Government of the Punjab rate of wheat in PP bag was Rs.1625 per 50 kg bag (inclusive of gross weight of bag) and Jute bag Rs.3315 per 100 kg bag (inclusive of gross weight of bag) during 2016-17 and rate of wheat in PP bag was Rs.1593.75 per 50 kg bag (inclusive of gross weight of bag) and Jute bag Rs.3187.50 per 100 kg bag (inclusive of gross weight of bag) during 2017-18.

During audit of Food Department for the period 2017-18, scrutiny of record revealed that instead of charging the prices of bags in addition to the price of wheat, the department charged the price of bags as an inclusive price i.e. weight of wheat plus weight of bag @ wheat. As the price of jute bag was Rs. 148.50 while its weight price was Rs. 35.83, the

government sustained a loss due to less charging of the price of jute bags. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Food Controller, Gujrat	2016-18	27728	280,022,410
2.	District Food Controller, Gujrat	2016-18	27729	260,000,000
3.	Directorate Food Punjab Lahore	2016-17	25393	200,676,150
4.	District Food Controller, Rajanpur	2016-17	24200	42,244,852
5.	District Food Controller, Narowal	2016-18	28927	25,758,168
6.	District Food Controller, Sheikhpura	2017-18	27675	-
7.	District Food Controller-I, Lahore	2017-18	25185	-
Total				808,701,580

Audit was of the view that weak financial and management controls resulted in loss to government.

When pointed out in July, September and October 2018. The managements of the formations at Sr. Nos. 1, 2, 3 & 6 noted the observations for compliance. The formations at Sr. Nos. 4 & 5 stated that reply would be submitted soon and at Sr. No.7 replied that wheat permits were issued to the flour mills from DFC, Lahore-II and wheat was released from the wheat godown under the control of DFC, Lahore-I.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be investigated at administrative level and approval/order of the competent authority may be produced to audit.

8.4.17 Undue favor to flour mills-Rs.1,387.79 million

According to Government of the Punjab Food Department letter No. (F-IV)3-8/2016 dated 30.01.2018, the price of wheat as local sale was

fixed at Rs. 1275 per 40 kg inclusive of bardana and later on according to Directorate of Food letter No. ADF-I(Release of Wheat)/ 2017-18 dated 31.01.2018, clarification was given that rate of local sale will be Rs. 1275 per 40 kg inclusive of bardana price only and not weight of the bardana.

During audit of Food Department for the period 2017-18, scrutiny of record revealed that stock was released to the flour mills as per policy issued by the Government for the financial year 2016-18. As per this policy, the price of bardana was collected by weighing the bardana filled with wheat and charging it at the rate of wheat (Annexure-11).

Audit was of the view that by the way of defective wheat policy, undue favour was extended to the flour mills as the price of bardana was Rs. 148.50 and its weight price was Rs. 35.83.

When pointed out in July to November 2018, the formations at Sr. Nos. 1 to 7 and 9 to 20 noted the observations for compliance. The formation at Sr.No.8 replied that wheat was issued to flour mills in accordance with wheat release policy.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be inquired at Administrative level besides regularization from Finance Division.

8.4.18 *Loss caused to government-Rs.744.57 million*

As per notification of the Government of the Punjab Food Department vide No.SOF-IV-6-I/2016 dated 23.05.2017, grinding of wheat will be verified on the basis of electricity consumption of 4.5 unit per 100 kg and issuance of daily approved quota according to their

grinding capacity as per body. The first supply of wheat shall however be made on 24.05.2017 and last date for release of wheat during Ramzan at the subsidized rates of Rs. 800 per 40 kg for Ramzan Bazar would be 19.6.2017. Moreover, according to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Food Department, scrutiny of record revealed that wheat was issued excess than the quota to flour mills after expiry of Ramzan Package. Moreover, purchases were made at higher rates and wheat was sold alongwith free of cost bardana causing loss to government. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Food Controller-I, Lahore	2017-18	25179	342,005,748
2.	District Food Controller, Nankana	2016-18	28917	125,650,000
3.	Secretary, Govt of the Punjab, Food Department, Lahore	2017-18	24989	86,907,800
4.	Directorate Food Punjab Lahore	2016-17	25386	55,888,422
5.	Secretary, Govt of the Punjab, Food Department, Lahore	2017-18	24990	48,450,000
6.	District Food Controller, Vehari	2017-18	29762	34,316,000
7.	DFC RajanPur	2016-17	24205	20,139,174
8.	District Food Controller, Bhakkar	2017-18	29633	11,185,933
9.	DFC Rajanpur	2016-17	24203	7,580,200
10.	District Food Controller, Nankana	2016-18	28916	4,504,745
11.	District Food Controller, S/Pura	2017-18	27666	7,740,000
12.	District Food Controller, S/pura	2017-18	27665	197,106
Total				744,565,128

Audit was of the view that weak financial and management controls resulted in loss to government.

When pointed out during September 2017 and July to November 2018, the formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends recovery of the loss and fixing of responsibility for issuing of wheat at subsidized rate after expiry of Ramzan Package.

8.4.19 *Loss due to non export of wheat by the flour mills owners-Rs. 2,205.73 million*

As per para (f) of Food Department Notification No. SOIV-3-1/14-15 dated 19.08.2016, the exporter will lift the allocated wheat on or before 30.11.2016 and export process will be completed till 31.01.2017.

During audit of Director Food Department, Lahore for the period 2016-17, scrutiny of provided list of wheat issued to flour mills owners for export purpose revealed that a quantity of 475670 MT wheat was issued at subsidized/rebate rate of Rs.27500 per MT instead of Rs.32500 per MT. The Govt. of the Punjab has given Rs.5000 per MT subsidy/rebate to flour mills owners just to export the wheat/atta but out of total issued wheat, only 34524 MT wheat could be exported by the exporters/mill owners till August 2017 which was evident from the provided list of Security Refund vouchers. 441146 MT wheat was not exported by the flour mill owners on which Govt. of Punjab has given rebate/subsidy of Rs.2,205,730,000. If the wheat was not exported by the exporters up till 31.01.2017, Govt. of the Punjab would sustain loss of Rs.2,205,730,000.

Non-export of required quantity of wheat was due to weak supervisory and financial controls of the management.

The matter was pointed out in August 2017. The management replied that due to closure of Pak-Afghan border export could not be materialized well in time.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into to make good the loss.

(PDP No.25408-Director Food Department Lahore-2016-17)

8.4.20 Unauthorized mode of payments -Rs.27.72million

According to Rule 4.49 (a) of Punjab Subsidiary Rules, payments of Rs. 100,000 and above to contractors and suppliers shall not be made in cash by the Drawing and Disbursing Officers.

During audit of Food Department, it was observed that cheques were drawn from the treasury in the name of DDOs instead of suppliers/contractors and cash was disbursed in violation of above rule. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Food Controller, Bakkar	2017-18	29634	11,161,097
2.	District Food Controller, Gujranwala	2016-18	28949	5,335,912
3.	District Food Controller, Faisalabad	2016-18	26333	4,014,355
4.	District Food Controller, Bahawalpur	2017-18	27711	1,875,365
5.	Deputy Director Food, Multan	2014-18	30439	1,281,325
6.	Deputy Director Food, Faisalabad	2016-18	29649	962,186
7.	District Food Controller-II, Lahore	2016-18	27716	837,976
8.	District Food Controller, Kasur	2016-18	27682	652,260
9.	District Food Controller, Sahiwal	2017-18	28972	594,960
10.	District Food Controller-I, Lahore	2017-18	25181	518,689
11.	Deputy Director Food, Lahore	2017-18	29642	489,267
Total				27,723,392

Audit was of the view that disregard to the rules and government instructions resulted in cash payment.

The matter was pointed out to concerned formations during July to November 2018. The formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

8.4.21 Poor Human Resource Management-Rs.45.94 million

As per para2 of Government of the Punjab, Finance Department letter No. FD/SRIV-8-1/76 (Prov) dated 20.03.1988, shifting of headquarter for a period of not exceeding three months, without the prior approval of Finance Department is a financial irregularity and involve unnecessary expenditure.

During audit of Food Department, it was observed that some officials were transferred to other stations but they were drawing their salaries from the budget of previous office in violation of above rule. It resulted into irregular payment of salaries due to shifting of headquarter. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Food Controller-I, Lahore	2017-18	25182	19,281,843
2.	District Food Controller, Gujrat	2016-18	27732	12,141,864
3.	Deputy Director Food, Sahiwal	2012-18	28901	8,542,866
4.	District Food Controller-II, Lahore	2016-18	27720	3,781,536

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
5.	District Food Controller, S/Pura	2017-18	27667	962,834
6.	District Food Controller, Sahiwal	2017-18	28968	873,340
7.	District Food Controller, Attock	2017-18	29818	224,000
8.	District Food Controller, Chakwal	2017-18	27433	132,359
9.	District Food Controller, Pakpattan	2016-18	28913	0
Total				45,940,642

Audit was of the view that disregard to government instructions and weak internal controls on “Sanctioned strength” resulted in irregular shifting of headquarter.

The matter was pointed out to concerned formation in July to November 2018. The formations noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the government instructions, seek condonation of irregularity from the Finance Department, seek abolition of posts and creation of posts according to the requirements.

8.4.22 Irregular payment of market committee fee-Rs.27.96 million

As per Rules 17.17 and 17.18 of PFR Vol-I, every Disbursing Officer shall maintain a register of liabilities in P.F.R. Form No. 27 and charges incurred may not be allowed to stand over to be paid from the grant of another year. If possible, expenditure should be postponed till the preparation of a new budget has given opportunity of making provision.

During audit of Food Department, it was observed that expenditure of Rs.27,956,492 was incurred on payment of Market Committee Fee. The following irregularities were noticed.

- The stock report GP-5 was not produced to verify the balance of wheat.
- The actual payee receipt was also not on record.
- Register of the pending liability showing the said amount was not shown to audit.
- The certificate regarding non payment of these claims during previous years was not on record.
- Payment relating to previous years was made without having additional budget and sanction of competent authority i.e. next higher authority.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	District Food Controller, Faisalabad	2016-18	26323	6,116,126
2	District Food Controller, R.Y. Khan	2017-18	29691	5,004,275
3	District Food Controller, G/Wala	2016-18	28939	4,524,083
4	District Food Controller, B/pur	2017-18	27698	2,852,719
5	District Food Controller, Sargodha	2016-18	24965	2,525,658
6	District Food Controller, B/Nagar	2017-18	29708	2,449,215
7	District Food Controller, Layyah	2016-18	25164	2,184,363
8	District Food Controller, Sahiwal	2017-18	28958	1,942,101
9	District Food Controller, Kasur	2016-18	27681	1,867,055
10	District Food Controller, Chiniot	2016-18	29658	1,131,728
11	District Food Controller, DG Khan	2017-18	29680	956,861
12	District Food Controller-II, Lahore	2016-18	27722	837,976
13	District Food Controller, Mianwali	2016-18	30444	568,607
Total				27,956,492

Audit was of the view that weak supervisory and internal controls resulted in irregular payment of market committee fee.

The matter was brought to the notice of departmental representative in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that recovery may be made and irregularity be got condoned from Finance Department besides strengthening the internal controls under intimation to Audit.

8.4.23 Blockage of capital due to non utilization of bardana-Rs. 257.67 million

According to Rule 15.21(4) & (5) of PFR Vol-I, stores, in many cases, represent a locking up of capital which is not justifiable unless essential and purchase and retention of store in excess of the probable requirement of the department in the near future may result in loss to Government through deterioration. Moreover, balances of stores should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.

During audit of Food Department, scrutiny of inventory register of bardana account revealed that a huge quantity of stock was available at different centers and not utilized during wheat procurement scheme 2017-18 and 2018-19 which entailed blockage of government money. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	District Food Controller, Sahiwal	2017-18	28964	52,764,384
2	District Food Controller, Faisalabad	2016-18	26320	40,018,604
3	District Food Controller, B/pur	2017-18	27703	32,556,728
4	District Food Controller, Bakkar	2017-18	29631	30,838,975
5	District Food Controller, Layyah	2016-18	25172	17,257,210
6	District Food Controller, Chiniot	2016-18	29662	14,829,069
7	District Food Controller, Kasur	2016-18	27687	14,641,830

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
8	District Food Controller, T. T. Singh	2016-18	29612	14,153,990
9	District Food Controller-II, Lahore	2016-18	27723	9,457,226
10	District Food Controller, Gujranwala	2016-18	28945	8,414,566
11	District Food Controller, Sargodha	2016-18	24973	7,631,866
12	District Food Controller, Mianwali	2016-18	30450	6,229,061
13	District Food Controller, B/Nagar	2017-18	29693	4,882,151
14	DFC M.B Din	2016-18	29791	2,687,481
15	DFC Rajanpur	2016-17	24214	1,308,885
Total				257,672,026

Audit was of the view that weak internal controls on “Inventories” resulted in excess purchase of items and blockade of capital.

The observation was pointed out in September 2017 and July to November 2018. The formations noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for excessive purchase besides regularization from Finance Department.

Performance

8.4.24 Targets of wheat procurement not achieved-Rs.4,081.77 million

As per Guidelines for Procurement of Wheat (Scheme Year 2018-19), the target was fixed by the government for the purchase of wheat for each center. All the District Food Controllers in the Punjab were liable to follow the instructions/directions of the government for purchase of wheat (Scheme Year 2018-19).

During audit of Food Department, it was observed that above instructions of the Food Department (Government of the Punjab) to

achieve targets of wheat procurement had not strictly been adhered to by the local management. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Qty (Rs.32,590 per metric ton)	Amount (Rs.)
1	District Food Controller, R. Y. Khan	2017-18	29682	99,983.12	3,258,450,000
2	District Food Controller, B/Nagar	2017-18	29695	14,867.23	484,523,000
3	District Food Controller, Bhakkar	2017-18	29628	7,441.52	242,519,137
4	District Food Controller, M.B.Din	2016-18	29792	2,758.5	89,899,515
5	District Food Controller, Chakwal	2017-18	27428	1,95.595	6,374,441
Total				125,146.965	4,081,766,093

Audit was of the view that weak supervisory and management controls resulted in non-achievement of targets.

The observation was pointed out in August to November 2018. The formations noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter needs to be looked into at administrative level and responsibility be fixed for non-adherence of Government instructions for procurement of wheat.

Recoveries and overpayments

8.4.25 Non-deduction of taxes from contractors-Rs. 1,929.77 million

As per Income Tax Ordinance 2001, Punjab Sales Tax on Services Act 2012, Sales Tax Act 1990 and Stamp Duty Act 1899, the Department was required to withhold taxes at prescribed rates at the time of payment.

During audit of Food Department, it was observed that taxes to the tune of Rs. 1,929,769,255 were not deducted from the payments made to various contractors. (Annexure-12)

Audit was of the view that weak internal controls on recovery of taxes resulted in non recovery thereof.

The lapses were pointed out to concerned formations during August, September 2017, July to November 2018. The formations at Sr. Nos. 1, 2, 4, 6 to 12, 14, 15, 18 to 21, 24 to 25, 27, 28, 30, 31, 34 to 43, 49, 53 & 56 noted the observations for compliance. The formations at Sr. Nos. 3, 13, 16, 17, 22, 26, 29, 44 to 46, 50, 52, 54 & 55 did not offer cogent replies. The formations at Sr. Nos. 5, 32, 33, 47, 48 & 51 did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix responsibility for non-recovery of taxes besides recovery of the stated amount and its deposit into relevant treasuries.

8.4.26 *Non recovery of penalties imposed on departmental officials- Rs. 1,637.58 million*

As per Rule 4.7 (1) of PFR Vol-I, all sums due to government should be regularly received and deposited into government treasury. The departmental controlling officers should accordingly see that all sums due to government are regularly received and checked against demands and that they are paid into the treasury.

During audit of Food Department, it was observed that penalties to the tune of Rs. 1,637,576,070 were imposed on officers/officials by the

relevant authorities. However the recoveries have still not been made putting the government at loss. (Annexure-13)

Audit was of the view that weak internal controls on “Recoveries” resulted in accumulation of a huge amount recoverable.

The lapses were pointed out to concerned formations from July to November 2018. The formations at Sr. Nos. 1 to 19, 23&30 noted the observations for compliance. The formations at Sr. Nos. 20 to 22,24&26 to 29 did not offer cogent replies. The formation at Sr. No. 25 did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix responsibility for non-recovery of government dues and disciplinary action be initiated against the persons held responsible besides prompt recovery of the outstanding amounts and strengthening of internal controls to avoid such lapses in future.

8.4.27 Non recovery of late delivery charges-Rs. 4.07 million

As per terms and conditions of the agreement under heading Liquidated Damages under Sr. No. 17(g), the delivery period is the essence of the contract, if the contractor fails to adhere to the delivery schedule and intends to seek extension, it will be the sole discretion of the purchaser either to grant or refuse extension in delivery period. However, the extension in delivery period if granted shall be subject to liquidity damages @ 4.0% per month or part thereof. The LD charges shall be counted on the basis of number of days after the date of delivery.

During audit of Secretary Food Lahore for the period 2017-18, examination of the purchase file revealed that purchase of agreement for

6000 units of polyethylene laminated caps @Rs.84,786 per unit was signed between M/S K.S.F Trizone Industries Pvt. Ltd. Lahore and Food Department. The supply was required to be made within 75 days from the date of contract but delivery was made 36 days late from the due date of delivery. However, the department did not recover the LD charges from the contractors.

Audit was of the view that weak internal controls on contracts and recoveries resulted in accumulation of LD charges and non-recovery thereof putting the government to the loss of material amount.

The lapse was pointed out to concerned formation in July, 2018. The management replied that concerned firm had been directed to deposit the said amount.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix responsibility for non-recovery of LD charges besides prompt recovery of LD charges with interest from the concerned and strengthening of internal controls to avoid such lapses in future.

(PDP No.24987-Secretary Food Lahore-2017-18)

8.4.28 *Non deduction of penalty charges from contractors-Rs.3.94 million*

As per clause 10 of the agreement between department and contractors for dispatch of wheat from wheat stock centers at Khanewal and other districts of Punjab, the contractor shall transport the fixed quantity of wheat as indicated in the work order within the given period. If

the contractor transports less than the required quantity during that period, a cut equivalent to 10% of the transportation cost of the quantity less transported will be imposed as penalty on the transport bill of the contractor.

During audit of Food Department, it was observed that the following DFCs did not deduct the penalty charges from the contractors on account of wheat not dispatched at the designated centers but department made full payment of carriage cost to contractors instead after deducting penalty. The detail are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	District Food Controller, Vehari	2017-18	29768	1,117,528
2	District Food Controller, Bahawalpur	2017-18	27713	1,025,245
3	District Food Controller, Bahawal Nagar	2017-18	29713	686,909
4	District Food Controller, Khushab	2016-18	27737	675,845
5	District Food Controller, Khanewal	2017-18	29803	435,926
Total				3,941,453

Audit was of the view that weak internal controls on contracts and recoveries resulted in accumulation of penalty charges and non-recovery thereof.

The lapses were pointed out to the concerned formations during July to November, 2018. The formation at Sr.No.1 stated that recovery was under process. The formations at Sr.Nos.2 to 5 noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix responsibility for non-recovery of penalty charges besides prompt recovery from the concerned and strengthening of internal controls to avoid such lapses in future.

8.4.29 *Unjustified increase in delivery charges-Rs.37.46 million*

As per Rule 2.10(a)(1) of PFR 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 the expenditure of his own money. According to wheat procurement policy 2016-18 present rate of delivery charges are increased from Rs.7.5 to Rs. 9 per hundred kg wheat in addition to wheat price.

During audit of Food Department, it was observed that delivery charges were paid @ Rs. 9 per 100 kg wheat scheme 2016-17 whereas petroleum prices are directly linked with delivery charges which had been reduced by 32 % as compared to previous years. On the other hand delivery charge had been increased resulting in unjustified payment of Rs. 8,322,723 which had been calculated on the basis of 22% instead of 32% excluding 10% loading/un-loading charges. The details are as under:

Sr. No.	Name of Formation	Period of audit	PDP No.	Amount (Rs.)
1	District Food Controller, Gujranwala	2016-18	28936	8,322,723
2	District Food Controller, Faisalabad	2016-18	26330	5,539,042
3	District Food Controller, Chiniot	2016-18	29655	4,619,054
4	District Food Controller, Sargodha	2016-18	24959	4,700,572
5	District Food Controller, Layyah	2016-18	25158	3,797,762
6	District Food Controller, Kasur	2016-18	27678	3,284,118
7	District Food Controller, Sahiwal	2017-18	28954	3,281,039
8	District Food Controller, Mianwali	2016-18	30441	3,277,827
9	District Food Controller, Bahawalpur	2017-18	27695	451,515
10	District Food Controller-II, Lahore	2016-18	27719	181,888
Total				37,455,540

Audit was of the view that disregard to the “Canons of Financial Propriety” and poor supervisory controls resulted in unjustified increase of delivery charges which caused loss to the government exchequer.

The lapse was pointed out to concerned formations from July to November 2018. The formation at Sr.No.1 stated that delivery charges included loading, unloading and stitching of bardana. Formation at Sr.No.2 stated that delivery charges are decided/fixed at provincial level for each procurement scheme. The formations at Sr.Nos.3 to 10 noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed against the concerned and matter be inquired at administrative level besides adherence to the “Canons of Financial Propriety”.

8.4.30 *Loss due to less collection of licensing fee-Rs.23.66 million*

As per Rule 46(2)(e) of Punjab Food Authority Act 2011, there shall be established a fund to be known as the Food Authority Fund to be administered and controlled by the Food Authority. The Food Authority Fund shall consist of fee, charges, rentals and fines collected by the Food Authority. Moreover, as per Rule (45)(1) *ibid*, the Food Authority shall recover the fine, fee or any other amount, imposed or levied, under this Act, the rules or the regulations, as an arrears of land revenue and, for the purpose, authorize an officer to exercise the powers of Collector under the Punjab Land Revenue Act 1967 (XVII of 1967).

During audit of Punjab Food Authority, Lahore for the period 2017-18, it was observed from the statement of licensing (provided by the

management) that an amount of Rs.82,525,860 was recoverable during 2017-18 but the management recovered amount of Rs.58,862,520 leaving a recoverable amount of Rs.23,663,340.

Audit was of the view that weak internal controls on “Recoveries” resulted in non-recovery of licensing fee.

Audit pointed out the irregularity in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the amount be recovered at the earliest besides strengthening of internal controls on assessment and recovery of license fee.

(PDP No.26293-Punjab Food Authority Lahore- 2017-18)

8.4.31 Irregular drawl of Food Authority Allowance-Rs. 63.93 million

Para 16(1) of Rules of Business states that no department shall, without previous consultation with the Finance Department, authorize any orders which directly or indirectly affect the finance of the province.

During audit of Punjab Food Authority, Lahore for the period 2017-18, it was observed that the employees of the Punjab Food Authority were drawing 20% Food Authority Allowance without approval of the Finance Department.

Audit was of the view that weak internal controls on payrolls resulted in irregular drawl of food authority allowance.

The matter was pointed out to the concerned formation in August 2018. The formation stated that Allowances are given after dual approval from Board of Directors of Punjab Food Authority. Further, these allowances are given from self generated funds receipts and these are also approved in annual budget of the authority. The reply of the DDO not tenable as the approval of the Finance Department was required before payment of allowances.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for grant of allowance without approval of the Finance Department, payment of the allowance be stopped forthwith and recovery be made and deposited into government treasury under intimation to audit.

(PDP No.26287-Punjab Food Authority Lahore- 2017-18)

8.4.32 *Huge Variation in receipt figure-Rs. 1,945.67 million*

Rule 12.5 (a) of Punjab Budget Manual provide that the Controlling Officers and the Heads of Departments should verify whether the amounts shown as realized in the statements have actually been realized and credited to the proper head of account. Audit Office concerned, the Controlling Officers and the Heads of Departments should satisfy themselves that the amounts reported as collected have been duly credited to the Provincial Consolidated Fund.

During audit of Food Department, scrutiny of reconciliation statement revealed that there was a variation to the stated extent between the departmental figures, District Accounts Office figures and SF-21.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	District Food Controller, Mianwali	2016-18	30454	1,443,951,477
2	District Food Controller, Chiniot	2016-18	29668	433,976,548
3	District Food Controller, Bahawalpur	2017-18	27714	40,693,569
4	District Food Controller, Okara	2016-18	26281	17,652,500
5	Punjab Food Authority, Lahore	2017-18	26295	5,494,652
6	District Food Controller, Layyah	2016-18	25176	2,045,339
7	District Food Controller, Sahiwal	2017-18	28974	1,710,102
8	District Food Controller, Sheikhpura	2017-18	27676	147,000
Total				1,945,671,187

The matter was pointed out to the concerned formations during August to November 2018. The formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the verification of the deposits be made at the PAO level besides compliance of the government instructions and strengthening of financial and supervisory controls to avoid recurrence of variations in future.

8.4.33 Overpayment of pay & allowance/encashment-Rs.1.85 million

As per Rule 2.31 of PFR Vol-I, a drawer of bill for pay and allowances contingent and other expense will be held responsible for any over charge, fraud and misappropriation. The responsibility will then rest primarily with the drawer of the bill and amount over charged will be recovered from the concerned.

During audit of Food Department scrutiny of payroll and allied record revealed that officials were over paid in the shape of pay & allowances and encashment. The details are asunder:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of pay and allowances	Amount (Rs.)
1	Directorate Food Punjab Lahore	2016-17	25413	Adhoc Relief Allowance	531,119
2	District Food Controller, Rahim Yar Khan	2017-18	29692	Over payment of pay & allowances due to non fixation of pay	400,080
3	Deputy Director Food, Faisalabad	2012-18	29646	Conveyance allowance designated allotted Govt. Vehicle	347,228
4	District Food Controller, Sheikhpura	2017-18	27672	Adhoc Relief Allowance	191,459
5	Deputy Director Food, Faisalabad	2012-18	29647	Over payment Advance Increment	155,988
6	District Food Controller, Kasur	2016-18	27692	Over paid Enhancement	129,137
7	Deputy Director Food, Faisalabad	2012-18	29648	Pay & Allowances	91,602
Total					1,846,613

Audit was of the view that weak internal controls on “Payroll” resulted in overpayment of pay and allowances.

The matter was pointed out to the concerned formations in August 2017, August to November 2018. The formations at Sr. Nos.1, 2 & 5 offered no reply. The formation at Sr.No.3 stated that recovery had been made. Formation at Sr.No.4 stated that accounts would be reconciled and position would be shown. The formations at Sr. Nos. 6 & 7 noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility for over payment be fixed, recovery be effected from the officers/officials concerned and deposited into government treasury besides strengthening of supervisory and financial controls on payroll to eliminate the instances of undue and overpayments.

Others

8.4.34 Non-disposal of wheat stock of previous wheat schemes- Rs. 54,247.55 million

As per Rule 15.18 of PFR Vol-I, balances of stores must not be held in excess of the requirements of a reasonable period. Stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

During audit of Food Department, it was noticed that wheat stocks of 980468.2921 metric ton valuing Rs.54,247,554,499 pertaining to wheat schemes upto 2017-18 remained unsold. It is pertinent to mention that the department did not conduct annual survey to determine the requirements of wheat. Resultantly, the undue retention of wheat, being perishable commodity, beyond a season or beyond the determined requirements, posed huge risks and also involved significant expenditure on fumigation, etc.(Annexure-14).

Audit was of the view that weak internal controls on “Stores and Stock” could result in damage to wheat stock putting the government investment at risk.

The lapses were pointed out to concerned formations from September 2017, July to November 2018. The formations at Sr. Nos. 1,2, 4 to 6, 8 to 10, 12,13,15,18,19,21&22 noted the observations for compliance. The formations at Sr. Nos.3,7,11,14,16& 17 did not offer cogent replies. The formation at Sr. No. 20 did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter needs to be looked into at administrative level and previous wheat schemes be sold out at the earliest besides strengthening of supervisory, financial and internal controls.

8.4.35 *Non-declassification and auction of unserviceable items- Rs. 81.82 million*

According to Rule 15.3 of PFR Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Food Department, it was observed that Tat, PP bags, Patri, empty bottles, polythene sheets, machinery & equipment etc. valuing Rs.81,816,643 (Annexure-15) were lying unserviceable at different centers. These items were required to be reviewed, declassified and auctioned after obtaining necessary sanction from competent authority.

Audit was of the view that weak internal controls on “Inventories” could result into loss to the stated extent.

The matter was pointed out to concerned formations during August, September 2017 and July to November 2018. The formations at Sr. Nos. 1 to 14, 17 to 20, 22 & 23 noted the observations for compliance. The formations at Sr. Nos. 15, 16, 21 & 24 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that auction process be initiated after due diligence to avoid deterioration of government assets and sale proceeds be deposited into the government treasury besides strengthening of internal controls.

8.4.36 Expenditure charged to irrelevant object head-Rs.1,303.08 million

As per Paragraph 5 of Finance Department letter No.PS/FS/808/78 dated 26.2.1978, Principal Accounting Officer should issue instructions to the Controlling and Disbursing Officers under him that all payments are correctly classified under the appropriate heads of accounts. Moreover, as per Article 26 of Account Code Volume-I, the expenditure should not be charged to any irrelevant object head.

During audit of Food Department, it was observed that expenditure to the stated extent was incurred on procurement of goods and services. The expenditure was held irregular as the same was charged to irrelevant object heads.(Annexure-16)

Audit was of the view that weak internal controls on “Appropriations” and disregard to government instructions resulted in misclassified expenditure.

The matter was pointed out to concerned formations from July to November 2018. The formations at Sr. Nos. 1 to 5, 7 to 11, 14 & 16 to 18 noted the observations for compliance. The formations at Sr. Nos. 6,12 & 15 did not offer cogent replies. The formation at Sr. No. 13 stated that detailed reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter to fix the responsibility and seek condonation of irregularity from the Finance Department.

**8.4.37 Irregular expenditure excess than budget allocation-
Rs.125.38 million**

According to Rule 17.15 of Punjab Financial Rules Vol-I, no government servant may, without previously obtaining an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the head concerned and when a government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Food Department, it was observed that an expenditure of Rs.125,380,535 (Annexure-17) was incurred in excess of budget allocation under various heads of accounts which was a serious financial irregularity on the part of the department.

Audit was of the view that weak internal controls on “Appropriations” and disregard to rules resulted in excess expenditure against budget allocations.

The matter was pointed out to concerned formations from July to November 2018. The formations at Sr. Nos. 1, 4, 5, 8 to 11, 14 to 17, 19 & 20 noted the observations for compliance. The formations at Sr. Nos. 6 & 12 did not offer cogent replies. The formations at Sr. Nos. 2, 3, 7, 13 & 18 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence to government instructions besides regularization of the matter from the Finance Department and strengthening of internal controls.

8.4.38 *Non-surrendering of savings-Rs.538.90 million*

As per Rule 17.20 of PFR, Vol-I, the department incurring the expenditure is responsible to notify the savings and surrender the same in time. For this purpose para 14.3 of Punjab Budget Manual requires that the Heads of Departments should submit to the Finance Department the First Statement of Excesses & Surrenders by 1stJanuary and the Second Statement of Excesses and Surrenders by 31stMarch each year.

During audit of Food Department, it is observed that above said rules were not observed and an amount of Rs.538,898,571(Annexure-18) was neither utilized nor surrendered. Had this amount been surrendered in time, it could have been used for some useful purpose.

The matter was pointed out to concerned formations from July to November 2018. The formations at Sr. Nos. 3 to 5, 9 to 15, 18 to 22 & 24 to 27 noted the observations for compliance. The formations at Sr. Nos.6, 8 & 16 did not offer cogent replies. The formations at Sr. Nos. 1, 2, 7, 17, 23 & 28 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence to government instructions besides condonation of irregularity from the from Finance Department and strengthening of financial and internal controls.

8.4.39 Unjustified expenditure on repair of machinery, furniture and transport-Rs. 2.37 million

As per Rule 15.4(a) of Punjab Financial Rules, Vol-I, all material received should be examined, counted, measured and weighed as the case may be when delivery is taken. The passing and receiving government servants should see that the quantities are correct and their quality is good and record a certificate to this effect. Moreover, as provided under FD letter No.F(Mn)mw/1-4/92 dated 26.09.1992,if the entries in stock register/log book are not present at the time of audit or if the concerned officials are not present at the time of audit and the record was not shown to audit, entries made and record produced afterwards would not be accepted.

During audit of Food Department, it was observed that in support of expenditure no record such as repair demand of the user, history file of the equipment/furniture/ vehicle, satisfactory repair certificate of the end user, dead stock register of the replaced parts etc. were not maintained. In the absence of such record, audit could not verify the repair as genuine. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Directorate Food Punjab Lahore	2016-17	25416	1,549,994
2	Directorate Food Punjab Lahore	2016-17	25425	517,993
3	Directorate Food Punjab Lahore	2016-17	25417	300,000
Total				2,367,987

The matter was pointed out to concerned formations from August 2017. The formation at Sr. No.1 did not offer cogent reply. The formations at Sr. Nos. 2 & 3 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into for fixing responsibility besides appropriate action against the defaulters.

8.4.40 Loss due to non-investment of funds-Rs. 44.83 million

As per Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on.

During audit of Punjab Food Authority, Lahore for the period 2017-18, it was observed that an amount of Rs.448,334,678 was found at credit in the banks but surplus funds were not invested anywhere. Had this amount been invested, the authority may have earned a profit@10% amounting to Rs.448,334,678 of Rs.44,833,468.

Audit was of the view that the action of the management regarding non-investment of surplus funds resulted into loss of profit of Rs.44,833,468.

Audit pointed out the irregularity in August 2018.The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the PFA should immediately devise an investment policy with the approval of Finance department and also seek advice of the FD on investment of the surplus funds available at present.

(PDP No.26297-Punjab Food Authority Lahore-2017-18)

8.4.41 *Loss to government by making undue payment to banks for transfer period payments-Rs.12.67 million*

Real Time Gross Settlement Systems (RTGS) are mechanisms that enable banks to make large-value payments to one another in real-time using online telecommunication facilities as well as state-of-the-art computer systems. The payments are settled on gross basis in real time thus minimizing the systemic risks that are inherent in large-value net settlement systems.

During audit of Director Food Department, Lahore for the year 2016-17, scrutiny of bank loan record revealed that an amount of Rs.12,674,147 was paid to various banks on account of Transfer Period Payments despite the fact that no such payments were allowed in the presence of real time gross settlement system mechanism implemented by the State Bank of Pakistan.

Audit was of the view that unjustified payments of ‘Transfer Period’ were due to weak supervisory and financial controls of the management.

The matter was communicated to the local management during August 2017. In response, the management replied that MCB and NBP out of eight banks were not linked online therefore, they claim transit period charges/markup.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends recovery of the stated amount besides strengthening of internal controls.

(PDP No25412-Director Food Department Lahore- 2016-17)

8.4.42 *Loss due to payment of interest-Rs. 8,064 million*

Rule 4.7 (1) of PFR Vol-I requires that all sums due to government are regularly received and deposited in to Government Treasury. The departmental controlling officers should accordingly see that all sums due to Government are regularly received and checked against demands and that they are paid in to the treasury.

During scrutiny of record related to borrowing position of Food Department, audit observed that an amount of Rs.125,919,647,948 was outstanding against Finance Department on account of general subsidy to be paid to Food Department in compensation of incidental charges incurred on purchase, sale, storage, handling of wheat. Due to non-payment of outstanding subsidy by the Finance Department, the Food Department had to borrow loans on interest for purchase of wheat and government had to pay Rs. 8,064,000,000 @ 6.4% per annum on account of interest.

Audit was of the view that non-payment of outstanding subsidy by the Finance Department was due to weak financial controls of the management which resulted in loss to the government of stated amount.

The matter was communicated to local management during August 2017. In response to the audit observation, the management replied that the Finance Department did not release actual subsidy every year due to which subsidy accumulated and caused heavy burden on Food Department in the shape of markup.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into at appropriate level for taking remedial measures and formulation of adequate policy. Finance

Department be asked to pay not only the subsidy but also the amount of interest accrued thereupon.

(PDP No25385-Director Food Department Lahore- 2016-17)

8.4.43 Irregular placement of funds-Rs.607.18 million

As per Finance Department Letter No.FD(W&M)1-1/70-Vol-XI dated 18.12.2013 requires that amounts placed in other commercial banks be immediately retrieved and placed in the Bank of Punjab in accordance with the notified policy. Further, Finance Department's letter No.FD(FR)V-6/2, dated 29.10.1978 requires that in no case the government money should be kept in a commercial bank except with the specific sanction of the Finance Department. Moreover, as per Rule 47 of Punjab Food Authority Act 2011, the Food Authority may open and maintain its accounts at such schedule banks as may be prescribed and until so prescribed as the government may determine.

During audit of Punjab Food Authority, Lahore for the period 2017-18, it was observed that five bank accounts were being operated by the management at various branches of ABL & BOP without prior approval of the Finance Department. Moreover, it was observed that the management kept huge amount of Rs.607,181,169 in ABL in violation of the instructions above.

Audit was of the view that disregard to the government instructions and rules resulted in irregular opening of bank account and placement of funds therein.

Audit pointed out the irregularity in August 2018. The management stated that detailed reply would be submitted after scrutiny of the record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be investigated at administrative level for determining the factors which led to the unauthorized deposit of huge amount in commercial bank. The responsibility may be fixed and its outcomes be shown to audit. Supervisory and financial controls to avoid such recurrences are immediately required in future.

(PDP No.25285-Punjab Food Authority- 2017-18)

8.4.44 Double drawl of bills of cost of PP bags-Rs.91.85 million

According to 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Director Food Department Lahore for the period 2016-17, scrutiny of paid voucher under head of account A09304 of cost center LO4049 and SAP data retrieved through ACL revealed two contingent bills of M/s Mian Sharif contractor of PP bags drawn twice. The details are as under:

Sr. No.	C_center	D-No	D-Date	G_L_Acc	Name of firm	No. of PP bags	rate	Amount
1	LO4940	5100130124	19.08.2016	A09304	Mian Sharif PP bales 363	363000	32.77	11,895,510
2	LO4940	5100328036	19.08.2016	A09304	Mian Sharif PP bales 2440	2440000	32.77	79,958,800
Total								91,854,310
3	LO4940	5100329049	19.08.2016	A09304	Mian Sharif PP bales 363	36300	32.77	11,895,510
4	LO4940	5100329050	19.08.2016	A09304	Mian Sharif PP bales 2440	2440000	32.77	79,958,800
Total								91,854,310
Grand Total								355,521,730

Due to double drawl of claims, the Govt. had to sustain loss to the tune of above.

Preliminary audit observation was communicated to local management during August 2017. In response to the audit observation the management replied that expenditure figure was reconciled by AG office and there seems no likelihood of double drawl. The reply of the management was not tenable as the data shown in the above table was retrieved from SAP data.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into at appropriate level for fixing responsibility and effecting recovery beside action against the defaulters.

(PDP No.25387-Directorate Food Punjab Lahore- 2016-17)

CHAPTER 9

FORESTRY, WILDLIFE & FISHERIES DEPARTMENT

9.1 *Introduction*

Forestry, Wildlife & Fisheries Department is headed by a Secretary with Chief Conservators of Forest and Directors General of Wildlife and Fisheries as heads of attached departments. As per Punjab Government Rules of Business 2011, the department has been assigned the business of:

- Scientific management of existing public forest estates to maximize production of wood & minor forest produce and to create new forest resources.
- Management of range lands to boost production of forage & livestock.
- Conservation & promotion of fisheries in private & public sectors.
- Education of the public for tree planting and provision of technical & advisory services on matters of afforestation to the people & other government departments.
- Research & training in various disciplines of forestry, wildlife, fisheries & sericulture.
- Management of watersheds to conserve soil & water and to improve the productivity of land.
- Acquisition & transfer of forest lands. Notification/De-notification in respect of reserve, protected & un-classed forests.

9.2 *Comments on Budget & Accounts (Variance Analysis)*

Introduction

The Appropriation Accounts for the year 2017-18 of Forest Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21005	3,358.838	56.630	3,415.468	3,348.993	(66.475)
PC22036	2,000.000	(127.258)	1,872.742	1,808.096	(64.646)
PC24044	110.000	0	110.000	110.000	0
Total	5,468.838	(70.628)	5,398.210	5,267.089	(131.120)

Overview of Expenditure

The final budget of Forest Department for the year ended 30 June, 2018 was Rs.5,398.210 million. Out of this, actual expenditure was Rs. 5,267.089 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	3,468,838,000	3,458,993,358	(9,844,642)	0.28
Development	2,000,000,000	1,808,096,416	(191,903,584)	9.60
Total	5,468,838,000	5,267,089,774	(201,748,226)	3.69

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	3,525,468,000	3,458,993,358	(66,474,642)	1.89
Development	1,872,742,000	1,808,096,416	(64,645,584)	3.45
Total	5,398,210,000	5,267,089,774	(131,120,226)	2.43

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs.(131.120) million at the close of the year 2017-18 under grants PC21005, PC22036 were not surrendered in time by the Department.

9.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1.	1984-85	24	18	6	75
2.	1985-86	33	26	7	79
3.	1986-87	39	39	0	100
4.	1987-88	26	19	7	73
5.	1988-89	71	53	18	75
6.	1989-90	25	14	11	56
7.	1990-91	28	17	11	61
8.	1991-92	31	15	16	48
9.	1992-93	10	6	4	60
10.	1993-94	17	7	10	41
11.	1994-95	28	1	27	4
12.	1995-96	13	3	10	23
13.	1996-97	4	3	1	74
14.	1997-98	154	77	77	50
15.	1998-99	151	95	56	63
16.	1999-00	141	90	51	64
17.	2000-01	258	169	89	66
18.	2001-02	258	164	94	64
19.	2003-04	90	30	60	33
20.	2005-06	76	34	42	45
21.	2006-07	138	52	86	38
22.	2009-10	122	25	97	20
23.	2010-11	15	04	11	27
24.	2011-12	9	0	9	0
25.	2012-13	127	52	75	41
26.	2013-14	107	22	85	21
Total		1995	1035	960	54

The compliance with PAC Directives in Forest Department remained unsatisfactory during the years 2009-10 to 2011-12. The attention of the department is also drawn towards compliance status during the years 1994-95 to 1995-96.

9.4 AUDIT PARAS

Non-production of record

9.4.1 Non-production of record

Section 14 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that the officer in-charge of any office/department shall afford all facilities and provide record for audit inspection and comply with request for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency & Discipline Rules.

During audit of Forestry, Wildlife and Fisheries Department, the auditable record (Annexure-19) was not produced despite repeated requests.

Due to non-production of record, the authenticity of the accounts could not be verified.

The matter was pointed out to concerned formations from August to October 2018. The managements at Sr. Nos. 1, 4, 5, 8, 19 & 21 stated that detailed reply would be submitted after consulting the record. The managements at Sr. Nos. 14 & 23 offered no comments. The rest of the formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

Irregularity & non compliance

9.4.2 Non-clearance of amounts lying under head P-Deposits- Rs. 158.79 million

According to Rule 7(1) of Punjab Treasury Rules, money received by or tendered to government servant shall not be appropriated to meet departmental expenditure nor otherwise kept apart from consolidated fund. Moneys so received shall without undue delay be paid into the Treasury. Moreover, as per Para 15.6 of Forest Manual Vol-II, all revenue received by the officers of the department should be paid into Treasury immediately.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that an amount of Rs.158,792,216 lying under the head P-Deposits on account of sale of timber, income tax, sales tax, zakat, house rent, earnest money and replenishment cost which was neither transferred to relevant heads of accounts nor refunded/accounted for. Moreover, in some cases expenditure was incurred directly from the receipts. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs._)
1	Divisional Forest Officer, Chakwal	2016-18	27071	33,269,802
2	D.F.O. Attock	2017-18	29107	30,991,000
3	Divisional Forest Officer, Faisalabad	2016-18	27048	23,388,146
4	D.F.O. Sahiwal Division	2016-18	27976	20,028,392
5	DFO, Rahim Yar Khan	2016-18	30521	19,768,194
6	Divisional Forest Officer, Bahawalpur	2016-18	27096	18,247,648
7	Divisional Forest Officer Mianwali	2016-18	27953	9,168,480
8	DFO Chichawatni	2016-18	29051	2,869,694
9	DFO Okara	2016-18	29068	1,060,860
Total				158,792,216

Audit was of the view that weak financial and supervisory controls resulted in non-clearance of P-Deposits and unauthorized expenditure directly from receipts.

The matter was pointed out to the concerned formations during August to October 2018. The formations at Sr. Nos. 3, 5 & 6 stated that reply would be submitted after scrutiny of record. The formations at Sr. Nos. 1 & 9 did not offer any reply. The rest of the formations noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 06.12.2018, the department in respect of para at Sr. No.6 replied that an amount of Rs.670,988 had been utilized. The committee reduced the para to Rs.18,247,648. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends immediate transfer of the amounts to the relevant heads of accounts besides fixing of responsibility for incurring unauthorized expenditure from replenishment cost and non-accountal of trees for disposal.

**9.4.3 Irregular expenditure due to violation of tendering process-
Rs.172.16 million**

As per Rule 22 of Punjab Procurement Rules 2014, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works. Further, as per Rule 12(2) *ibid*, any procurement exceeding two million rupees shall be advertised on the website of the Authority, the website of the procuring agency, if any, and in at least two national daily newspapers of wide circulation, one in English and one in Urdu.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that an amount of Rs. 172,164,581 (Annexure-20) was

expended on procurement of goods and services without advertisement on PPRA website in violation of above rules.

Audit was of the view that non observance of PPR 2014 lead to non-transparent process of procurement.

The matter was pointed out to concerned formations during February, March, May and June to November 2018. The formations at Sr. Nos. 17, 19, 27 & 28 did not offer cogent replies. The managements at Sr. Nos. 6, 22 & 24 did not offer any reply. The managements at Sr. Nos. 9, 11, 12, 16, 29 & 31 stated that detailed reply would be submitted later on. The rest of the managements noted the observations for compliance. The replies were not tenable because no documentary evidence in support of replies was produced to Audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be probed to fix responsibility besides regularization of expenditure from the competent authority.

9.4.4 *Irregular/doubtful disbursements through cash/manual bills- Rs.631.69 million*

All payments exceeding Rs.100,000 should be made to contractors/suppliers through Bank Pay Order instead of cash transactions as required in Rule 4.49(a) of Punjab STR read with Government instructions issued by the Finance Department vide their letter No. F.D (FRV-6/75(P) dated 20.06.2007. Moreover, as per Finance Department letter No. SO(TT) 2-2/72-pt-I dated 19.07.2008, the monthly salary of government employees may strictly be disbursed through their bank accounts alone.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that payments to the tune of Rs.631,687,980 (Annexure-21) were made through cash/open cheques instead of crossed cheques in violation of the above government instructions.

The Matter was pointed out in May and August to October 2018. The managements at Sr. Nos. 4 & 7 stated that detailed reply would be submitted later on. The managements at Sr. Nos. 8, 10, 16 & 17 did not offer cogent replies whereas the rest noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 06.12.2018, the paras at Sr. Nos. 5 & 9 were kept pending for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the irregularity be got condoned from competent authority besides strengthening of internal controls over payments.

9.4.5 Irregular appointments without advertisement-Rs.21.23 million

As per Government of the Punjab Finance Department letter No. RO (Tech) FD 2-2/2001 dated 03.11.2012, appointment to a post included in this Schedule may be made by the competent authority under Delegation of Financial Power Rules 2006 subject to the condition that the post(s) shall be advertised properly in the leading newspapers. Further, as per Supreme Court of Pakistan's ruling dated 19.01.1993, passed in Human Rights case No.104 (I to IV) 1992 read with S&GAD's Notifications No. SOR-III-2-2/91 dated 05.01.1995 and No.DS(O&M)5-

2004/Contract)(MF) dated 29.12.2004, no recruitment should be made against any post which is not advertised properly.

During audit of Forestry, Wildlife & Fisheries, Department, it was observed that an amount of Rs. 21,230,524 was paid to the contingent paid staff appointed by the management without advertisement.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	DFO, Sahiwal Division	2016-18	27978	17,766,406
2	DFO, Chichawatni	2016-18	29048	1,752,518
3	DFO, Faisalabad	2016-18	27054	1,711,600
4	D.G, Wildlife & Parks, Lahore	2016-17	26228	-
Total				21,230,524

The matter was pointed out in May, July & October 2018. The managements at Sr. Nos.1, 3 & 4 stated that detailed reply would be submitted later on. The rest of the managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility be fixed for irregular appointments in violation of government instructions besides strengthening of internal controls over appointments.

9.4.6 Irregular payment of salaries without authorization- Rs.550,863

Rule 2.31(a) of Punjab Financial Rules Vol-1 provides that a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. He should, therefore make himself thoroughly acquainted with the meaning of the various financial checks which he is expected to exercise so that he

can be in a position to detect immediately any attempt at defalcation and should pay special care to those points in financial processes at which leakage is likely to occur.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that salaries were paid in excess than sanctioned posts/ sanctioned strength of drivers and without approval of the competent authority.

Sr. No	Name of formation	Period of Audit	PDP No	Amount (Rs.)
1	DFO, Faisalabad	2016-18	27062	356,940
2	DFO, Publicity & Extension Forest Division, Lahore	2016-17	24892	193,923
Total				550,863

The matter was pointed out in September 2018. The managements stated that reply would be submitted after scrutiny of record.

Audit recommends that the expenditure be got regularized from the competent authority.

9.4.7 Irregular payment of pay & allowances -Rs. 4.82 million

According to Government of the Punjab, Forest, Wildlife & Fisheries Department Notification bearing No.SOP(WL)12-18/2001-V dated 01.07.2013 and 08.12.2014, Mr. Shahrukh Mehmood Butt and Rana Muhammad Wasim respectively were appointed as Honorary Game Wardens. Moreover, as per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of District Wildlife Officer, Lahore for the period 2015-17, it was observed that one Inspector and four Wildlife Watchers remained posted with Honorary Game Wardens Punjab, Lahore. The said officials remained in the offices of the Honorary Game Wardens since

July 2013 to June 2017 and did not attend their original office/headquarter. It was intimated that this staff was for protocol and assistance of Honorary Game Warden. It is pertinent to mention here that this provision did not exist in the appointment letters of the Game Wardens.

Audit was of the view that the payment amounting to Rs.4,818,576 made to staff attached with the Honorary Game Wardens was not a valid charge.

The matter was pointed out to the formations during March 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that irregular payment be got regularized with the approval of competent authority besides taking disciplinary action against the responsible.

(PDP No.26233-District Wildlife Officer, Lahore-2015-17)

9.4.8 Irregular expenditure in violation of PC-I-Rs. 130.49 million

As per provisions of relevant PC-Is.

During audit of development schemes of Forestry, Wildlife & Fisheries Department, it was noticed that an amount of Rs. 130,494,115 was held irregular due to non-observance of relevant provisions of PC-1.

Sr. No.	Name of formation	Period of Audit	PDP No.	Development Scheme	Nature of Deviations	Amount (Rs.)
1.	DFO, Faisalabad	2016-18	27055	Rehabilitation of Kamalia plantation	Production of timber and fire wood instead of saw material for wood base industry. etc	81,319,000
2.	DFO, Publicity & Extension Forest Div, Lahore	2016-17	24890	Promotion of Social Forestry in Punjab	Methodology for disposal was not properly followed	26,626,700

Sr. No.	Name of formation	Period of Audit	PDP No.	Development Scheme	Nature of Deviations	Amount (Rs.)
3.	DFO, Gujrat	2016-18	29120	Mechanism of forestry & fire fighting techniques	Issuance of machinery items to sister organization without provision	20,948,415
4.	DFO, Publicity & Extention Forest Div, Lahore	2016-17	24893	Promotion of social Forestry in Punjab	Additional maintenance charges per plant	1,600,000
Total						130,494,115

The Matter was pointed out in February, September & October 2018. The managements at Sr. Nos. 1, 2 & 4 stated that detailed reply would be submitted later on. The management at Sr. No. 3 noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the irregularity be got condoned from the competent authority besides strengthening of internal controls.

9.4.9 Unjustified/wasteful expenditure without immediate requirement-Rs. 136.85 million

As per Rule 2.33, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

As per Rule 15.18 of PFR Vol-I, balances of stores must not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that an expenditure amounting to Rs.136,845,912 was incurred

on the construction of building and medical equipments without immediate requirement.

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of irregularity	Amount (Rs.)
1.	Deputy Director, Wildlife, Safari Zoo, Lahore	2014-17	25560	Building was constructed but animals were not shifted	133,693,000
2.	Deputy Director, Wildlife, Safari Zoo, Lahore	2014-17	25570	Medical equipments were purchased but lying unused in store	3,152,912
Total					136,845,912

Audit was of the view that weak internal controls on “Rules and Regulations” and mismanagement on planning in procurement of animals and their residence resulted in construction of building without immediate requirement.

The Matter was pointed out in March 2018. The management at Sr. No. 1 did not offer any cogent reply whereas the rest simply noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls besides condonation of irregularity from Finance Department.

9.4.10 Doubtful payments to daily labour-Rs. 108.90

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained through fraud and negligence.

During audit of Forestry, Wildlife and Fisheries Department, heavy payments amounting to Rs. 108,895,042 were made to daily labour on account of different forest operations but neither the files containing particulars of labour nor their Computerized National Identity Cards (CNICs) were found attached with the muster rolls. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount
1	Divisional Forest Officer Mianwali	2016-18	27951	42,097,143
2	DFO, Faisalabad	2016-18	27047	24,172,118
3	Lahore Zoo, Lahore	2017-18	29884	18,649,327
4	Divisional Forest Officer, Chakwal	2016-18	27074	14,560,366
5	D.F.O. Gujrat	2016-18	29128	7,121,000
6	DFO, Faisalabad	2016-18	27054	1,711,600
7	Asstt: Dir, Sericulture, Lahore Div. LHR	2015-17	24897	361,200
8	DFO (RM) D.G. Khan	2015-18	29144	222,288
Total				108,895,042

The matter was pointed out to concerned formations during May and August to November 2018. The formations at Sr. No. 2 did not offer any cogent reply whereas rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired and responsibility be fixed besides strengthening of financial and supervisory controls to avoid recurrence of such lapses in future.

9.4.11 Non write off loss-Rs.2.49 million

As per Serial No. 5 of Special Power of Forestry, Wildlife & Fisheries Department (of Parks & Wildlife Wing) of Punjab Delegation of

Financial Powers Rules 2006, the Administrative Department is competent to write off losses of wild animals / birds and other exhibits due to natural causes other than negligence or fraud on the recommendations of D.G, W&P after investigation / enquiry in the prescribed manner and the report shall be sent to Finance Department and Audit.

During audit of Forestry Wild Life & Fisheries Department, it was observed that losses worth Rs. 2,485,150 were not written off in violation of the above said directions of the Government. The cases for write off the loss were not initiated despite lapse of considerable period. The inquiries of dead animals were neither conducted nor sent to Finance Department and Audit as required under above government instructions.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Deputy Director Wildlife, Safari Zoo, Lahore	2014-17	25571	1,284,750
2.	AD Wildlife Breeding Farm Jallo, Lahore	2016-17	24599	1,200,400
3.	DFO, Chakwal	2016-18	27069	-
4.	Lahore Zoo, Lahore	2017-18	29895	-
Total				2,485,150

When pointed out the matter in March, May & November 2018, the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be looked into at administrative level and losses be written off after inquires besides strengthening of supervisory and internal controls.

Performance

9.4.12 Less achievement of revenue targets-Rs.32.77 million

As per Rule 5.8 of Chapter 5 of the Punjab Budget Manual 2008 (seventh edition), the estimates of receipts should be forecasted accurately at the time of their preparation, as the financing of the programme of expenditure in the various departments is vitally dependent upon it. The under-estimating of receipts will cause an alarming position of ways and means, while over gross estimating may raise false hopes, which may be falsified in the end. Therefore, the estimates submitted by the estimating officers should neither be inflated nor under-pitched.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that rigorous efforts were not made towards achievement of revenue targets fixed by Government causing loss of Rs. 32,771,732. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Deputy Director Wildlife, Safari Zoo, Lahore	2014-17	25566	14,179,816
2.	DFO, Rahim Yar Khan	2016-18	30523	11,277,016
3.	D.F.O. Gujrat	2016-18	29123	3,319,000
4.	Asstt: Director Sericulture, Lahore Division, Lahore	2015-17	24896	2,199,000
5.	Asstt: Director Sericulture, Lahore Division, Lahore	2015-17	24899	1,300,000
6.	Asstt: Director Sericulture Multan Region Multan	2014-18	27946	496,900
Total				32,771,732

Audit was of the view that weak supervisory and management controls resulted in less achievement of targets.

The matter was pointed out to concerned formations during March, May, August, October & November 2018. The formation at Sr. No. 5 did

not offer any reply. The management at Sr. No. 4 did not offer cogent reply whereas rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be investigated at administrative level for fixing responsibility, irregularity of less achievement of revenue targets be got condoned with the sanction of competent authority and strenuous efforts be made to achieve the revenue target in future.

Recoveries and overpayments

9.4.13 Non-recovery of government dues-Rs.1,370.10 million

According to Rule 4.1 of PFR Vol-I, the departmental controlling officers should see that all sums due to government are regularly received and checked against demands and that they are paid into the Treasury.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that an amount of Rs.1,370,096,105 (Annexure-22) was outstanding against various contractors on account of sale of timber and officers/officials on account of theft, damages of trees/wood, pay & allowances etc.

Audit was of the view that weak internal controls on recoveries resulted in accumulation of huge recoverable amount.

The matter was pointed out to concerned formations during February, May & July to November 2018. The formations at Sr. Nos. 1, 2, 10, 19, 22, 26, 47, 53 & 60 stated that detailed reply would be submitted

after scrutiny of record. The formation at Sr. No. 13 did not offer cogent reply. The formations at Sr. Nos. 7, 21, 25, 27, 31, 37, 44, 54, 59 & 63 to 64 did not offer any reply. The rest of the formations noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 06.12.2018, the department in respect of paras at Sr. Nos. 7 & 27 replied that the actual amounts of the paras were Rs.53,476,266 & Rs.1,815,215 instead of Rs.55,999,283 & Rs.2,523,017 and that recovery of Rs.703,590 & Rs.481,325 respectively had been effected. The facts having verified, the amounts of paras were reduced to Rs. 52,772,676 & Rs.1,333,890 respectively. As regards paras at Sr. Nos. 31 & 34, recovery of Rs.1,170,567 & Rs.859,317 having verified, the amounts of paras had been reduced to Rs.736,685 & Rs.511,136 respectively. Further progress was not reported by the department. As regards remaining paras, department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should effect recovery of outstanding amount from the concerned besides strengthening of internal controls on recoveries to avoid such lapse in future.

9.4.14 Non-deduction of taxes at source-Rs. 38.43 million

According to Sections 153 & 236 of Income Tax Ordinance 2001, every prescribed person making a payment shall deduct tax from the gross amount payable at the rates specified in the First Schedule. Moreover, as per Sr. Nos. 27 and 39 of the Second Schedule of the Punjab Sales Tax on Services Act 2012, sales tax @ 16% is deductible on services provided by security agency and services provided for specified purposes.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that some managements did not deduct Income Tax/Punjab sales

Tax and General Sales Tax on prescribed rates from payments to the suppliers on account of purchases, services rendered and auction of timbers etc.

Audit was of the view that weak internal controls over recovery of taxes resulted into non-deduction of applicable taxes amounting to Rs. 38,429,140 (Annexure-23).

The matter was pointed out to concerned formations during March, May & July to November 2018. The formations at Sr. Nos. 5, 11, 13, 16, 19, 20, 25 & 33 stated that detailed reply would be submitted after consulting the record. The managements at Sr. Nos. 1, 4, 6, 7, 10, 22 & 24 did not offer any comments. The rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that stated amount be recovered from the concerned and deposited into relevant treasuries besides strengthening of internal controls on taxation.

9.4.15 Excess consumption of POL beyond ceiling-Rs.2.34 million

According to Government of the Punjab, S&GAD letter No. MTO (S&GAD) AT.II dated 22.09.1999, a maximum limit of 200, 175, and 150 liters was fixed on vehicles used by Secretaries to Government of Punjab, Additional Secretaries, Deputy Secretaries and staff officers respectively for control on expenditure on use of official vehicles.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that POL amounting to Rs. 2,342,140 was drawn in excess than the ceiling fixed by the Government.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Conservator of Forest Circle, D.G. Khan	2006-18	27464	1,407,500
2	Chief Conservator of Forest Central Zone LHR	2011-17	24594	554,640
3	DFO, Rahim Yar Khan	2016-18	30533	199,400
4	Deputy Director Wildlife, Safari Zoo, Lahore	2014-17	25579	180,600
Total				2,342,140

Audit was of the view that non adherence to government instructions resulted in excess consumption of POL than ceiling.

The matter was pointed out to concerned formations in March & May 2018. The formations at Sr. Nos. 1, 2 & 4 did not offer any cogent reply. The management at Sr. No. 3 noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that either the expenditure be got regularized or recovery be effected from the concerned besides strengthening of supervisory controls to avoid recurrence of such lapse in future.

Others

9.4.16 Non-finalization of forest offence cases-Rs.19.87 million

According to sub Paras 7 to 12 & 27 of Rule 3.8 (Chapter-III Misc.) of Forest Manual Vol-III, if the accused refuses to compound and to pay the compensation, the offence should not be delayed and prosecution challans should be made and submitted in the Range Office within a week of receipt of the damage report or further report of the denial to compound the offence.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that in certain forest offence cases neither the offenders paid the compensation nor they were prosecuted in the court of law resulting into loss to the government amounting to Rs. 19,872,081. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Chief Conservator of Forest Central Zone Lahore	2011-17	24591	3,604,000
2.	DFO Chichawatni	2016-18	29054	2,849,736
3.	D.F.O. Sahiwal	2016-18	27984	2,652,590
4.	D.F.O. Sahiwal	2016-18	27985	2,602,260
5.	DFO Chichawatni	2016-18	29057	2,239,640
6.	Divisional Forest Officer, Faisalabad	2016-18	27056	1,617,255
7.	Divisional Forest Officer Mianwali	2016-18	27959	1,051,000
8.	Divisional Forest Officer, Faisalabad	2016-18	27058	802,395
9.	DFO Okara	2016-18	29069	726,290
10.	Divisional Forest Officer, Bhakkar	2017-18	27141	645,520
11.	Divisional Forest Officer Mianwali	2016-18	27960	525,685
12.	Divisional Forest Officer, Bhakkar	2017-18	27144	279,640
13.	DFO, Rahim Yar Khan	2016-18	30525	276,070
Total				19,872,081

Audit was of the view that weak supervisory and management controls resulted in non-pursuance of cases and pending recoveries.

The matter was pointed out to concerned formations during May, August to October 2018. The formation at Sr. No. 1 did not offer any cogent reply. The managements at Sr. Nos. 6 & 8 stated that detailed reply would be submitted later on. The management at Sr. No. 9 did not offer any reply. The rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends early finalization of cases besides fixing of responsibility for the delay and immediate recovery of the loss.

9.4.17 Loss due to non-auction of forest products-Rs. 41.86 million

As per Paragraph 3.20(23) of Forest Manual Vol-III, it is the foremost duty of the Divisional Forest Officer to sell the timber stock quickly and advantageously.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that auction proceedings of different forest products and pet photography rights etc. were not made, causing estimated loss of Rs. 41,863,853 to public exchequer. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	DFO, Rahim Yar Khan	2016-18	30530	7,494,434
2.	D.F.O. Gujrat	2016-18	29129	5,990,000
3.	Divisional Forest Officer, Chakwal	2016-18	27075	5,125,872
4.	DFO Chichawatni	2016-18	29058	4,814,960
5.	DFO, Rahim Yar Khan	2016-18	30529	4,500,000
6.	Divisional Forest Officer, Bhakkar	2017-18	27135	3,654,040
7.	DFO, Publicity & Extention Forest	2016-17	24888	3,019,188
8.	Divisional Forest Officer Mianwali	2016-18	27955	1,689,310
9.	DFO Chichawatni	2016-18	29059	1,316,404
10.	Curator Bahawalpur Zoo Bahawalpur	2014--18	26449	1,000,000
11.	Lahore Zoo, Lahore	2017-18	29887	896,750
12.	Divisional Forest Officer, Bhakkar	2017-18	27140	745,095
13.	Asst. Director, Sericulture, Multan	2014-18	27944	585,800
14.	Divisional Forest Officer, Faisalabad	2016-18	27061	400,000
15.	DFO Okara	2016-18	29071	332,000
16.	Asstt: Dir. Sericulture Multan Region MLT	2014-18	27945	300,000
Total				41,863,853

Audit was of the view that non-observance of rules resulted in non auction of forest produce.

The matter was pointed out to concerned formations during August, September & October 2018. The managements at Sr. Nos. 3 & 15 did not offer any comments. The formation at Sr. No. 7 did not offer any cogent reply. The remaining managements noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 06.12.2018, the para at Sr. No. 10 was kept pending for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired at administrative level to fix responsibility for non-auction besides immediate auction of forest produce.

9.4.18 Non-auction of unserviceable items-Rs.4.27 million

As required under Rules 15.3 of PFR Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that huge quantity of miscellaneous machinery and equipment items i.e. leveling machine, hall, disks and steel tanker etc. worth Rs. 4,272,000 were lying in open air. These items were deteriorating their value with the passage of time.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Wildlife Officer Bahawalpur	2003-08	26406	2,500,000
2.	Conservator of Forest Development & Working Plan Circle Multan	2010-18	29139	1,200,000
3.	DFO, Rahim Yar Khan	2016-18	30526	350,000
4.	DFO (RM) D.G.Khan	2015-18	29143	222,000
Total				4,272,000

The matter was pointed out to concerned formations from August to October 2018. The formation at Sr. No. 3 did not offer any comments whereas the rest noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 06.12.2018, the para at Sr. No.1 was kept pending for auction of vehicle. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that unserviceable items be auctioned after obtaining the sanction of competent authority and sale proceeds be deposited into government treasury.

9.4.19 Illegal occupation/encroachment of land-Rs. 165.66 million

As per Paragraph 2.4 (i) of Forest Manual Vol-II, the officer in charge of forest division is responsible for the proper management of the forest business and for the finance of his division.

During audit of Forestry, Wildlife and Fisheries Department, it was observed that forest land valuing Rs. 165,655,700 was under illegal encroachment/occupation. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1.	DFO, Rahim Yar Khan	2016-18	30531	52 Acre land encroached	41,600,000
2.	Divisional Forest Officer, Faisalabad	2016-18	27049	257 acres of under DFO, Faisalabad	41,200,000
3.	Deputy Director Wildlife, Safari Zoo, Lahore	2014-17	25563	Area around Safari Zoo, Lahore	40,063,700
4.	Divisional Forest Officer, Chakwal	2016-18	27072	35 acres 04 kanals 18 marlas under Peer Hayat & others.	22,792,000
5.	D.F.O. Attock	2017-18	29113	648 Acres at Maria Nilhead	20,000,000
Total					165,655,700

Audit was of the view that illegal occupation of land made due to weak internal controls over asset management which caused heavy loss to government.

The matter was pointed out to concerned formations in March and August to October 2018. The formations at Sr. Nos. 3 & 5 did not offer any reply whereas the remaining managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should put strenuous efforts to vacate state land from the illegal occupants besides strengthening of internal controls over management of assets.

9.4.20 Expenditure in excess of the budget allocation-Rs.30.44 million

As per Rule 17.15 of PFR Vol-I, no government servant may without previously obtaining an extra appropriation in excess of the amount provided for expenditure under the heads concerned, and when a government servant exceeds the annual appropriation, he may be held responsible for the excess.

During audit of Forestry Wildlife & Fisheries Department, it was observed that expenditure under various object codes was incurred in excess than budget allocation. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Deputy Director Wildlife, Safari Zoo, Lahore	2014-17	25564	22,911,000
2.	Director General Wildlife & Parks Punjab, LHR	2016-17	26224	3,321,753
3.	Director Fisheries (R&T) Lahore	2015-17	26244	1,038,355

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
4.	District Wildlife Officer, Lahore	2015-17	26234	926,347
5.	Assistant Director Wildlife, Lahore	2015-17	24530	658,581
6.	Deputy Director Fisheries District, Lahore	2014-17	24587	512,096
7.	AD Wildlife Breeding Farm Jallo, Lahore	2016-17	24600	443,568
8.	Assistant Director Wildlife, Lahore	2015-17	24527	338,795
9.	Dy. Dir. Wildlife Publicity & Research, Lahore	2010-17	24633	286,971
Total				30,437,466

Audit was of the view that weak internal controls on “Appropriations” resulted in excess expenditure than allocation.

The matter was pointed out in March & May 2018. The managements at Sr. Nos. 5 & 10 stated that detailed reply would be submitted later on. The management at Sr. No. 9 did not offer any cogent reply whereas the remaining managements noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the expenditure be got regularized with the sanction of competent authority besides taking disciplinary action against the responsible.

9.4.21 Expenditure charged to irrelevant object head-Rs.8.16 million

As per Paragraph 5 of Finance Department letter No.PS/FS/808/78 dated 26.2.1978, Principal Accounting Officer should issue instructions to the Controlling and Disbursing Officers under him that all payments are correctly classified under the appropriate heads of accounts and article 26 of Account Code Volume-I also narrates about misclassified expenditure. Moreover, as per Article-26 of Account Code Vol-I, the expenditure should not be charged to any irrelevant object head.

During audit of Forest Wildlife & Fisheries Department, it was observed that expenditure to the stated extent was incurred on procurement of goods and services. The expenditure was held irregular as the same was charged to irrelevant object heads. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	DFO Publicity & Extension Lahore	2016-17	24887	6,035,049
2	Director Fisheries (R&T) Lahore	2015-17	26243	1,977,177
3	Lahore Zoo Lahore	2017-18	29893	145,685
Total				8,157,911

Audit was of the view that weak internal controls on appropriations and disregard to government instructions resulted in misclassified expenditure.

The matter was pointed out to concerned formations during February, May & November 2018. The formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the irregularity be got condoned from the competent authority under intimation to audit.

9.4.22 *Doubtful expenditures without stock entries-Rs. 6.74 million*

According to Rule 15.4 (a) of PFR Vol-I, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government servants should see that the quantities are correct and their quality good, and record

a certificate to this effect. The receiving Government servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock registers.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that expenditure amounting to Rs. 6,738,299 was incurred on purchases but stock entries of material/items received were not available on record. In the absence of stock entries, the genuineness of expenditure could not be verified. The expenditure so incurred was therefore held doubtful.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	D.F.O. Sahiwal	2016-18	27983	3,359,573
2.	Deputy Director Wildlife Region, Lahore	2014-17	24638	1,799,013
3.	Divisional Forest Officer, Bhakkar	2017-18	27138	1,398,713
4.	Conservator of Forest Circle, Lahore	2016-17	24687	181,000
Total				6,738,299

Audit was of the view that the lapse occurred due to non adherence to rules.

The matter was pointed out in May, August & September 2018. The managements at Sr. Nos. 1 to 3 noted the observations for compliance while the management at Sr. No 4 did not offer any comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired to fix responsibility besides strengthening of supervisory and internal controls.

9.4.23 Irregular advance payment-Rs. 40.70 million

As per Rule 2.10 (b) (5) of PFR Vol-I, no money is withdrawn from the treasury unless it is required for immediate disbursement or has

already, been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time. Moreover, as per Rule 17.19 *ibid*, it is not permissible to draw advance from government treasury to prevent the lapse of appropriations.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that advance payment of Rs. 40,698,792 was made by following formations just to avoid lapse of appropriations. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Advance payment made to/for	Amount (Rs.)
1.	Divisional Forest Officer, Chakwal	2016-18	27073	Contractor for construction of ponds	21,966,460
2.	Director Fisheries (R&T) Lahore	2015-17	26239	Fisheries Development Board for foreign training	14,000,000
3.	Director Fisheries (R&T) Lahore	2015-17	26240	Various institutions for imparting training courses	3,742,483
4.	Conservator of Forest Circle, D.G.Khan	2006-18	27465	Purchase of POL	762,665
5.	Conservator of Forest Circle, D.G.Khan	2006-18	27468	Electricity/telephone bills	227,184
Total					40,698,792

The matter was pointed out in May & August 2018. The managements at Sr. Nos. 1 to 3 & 5 noted the observations for compliance. The management at Sr. No. 4 stated that detailed reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the expenditure be got regularized from the competent authority besides strengthening of internal controls.

9.4.24 Lapse of funds due to non-surrendering of savings-Rs.204.33 million

According to Para No. 14.3 of Punjab Budget Manual, the heads of departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Forestry, Wild Life & Fisheries Department, it was observed that an amount of Rs. 204,330,151 was lapsed due to non-surrendering of savings well in time. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Deputy Director Wildlife, Safari Zoo, Lahore	2014-17	25561	85,500,000
2.	Lahore Zoo, Lahore	2017-18	29892	74,320,527
3.	Conservator of the Forest Sargodha Forest Circle, Sargodha	2008-18	27469	7,284,869
4.	Director Fisheries (R&T) Lahore	2015-17	26245	6,971,422
5.	Deputy Director Wildlife, Safari Zoo, Lahore	2014-17	25568	5,278,000
6.	Conservator of Forest range, Management, Lahore	2016-17	24895	4,032,000
7.	Secretary Forestry, Wildlife and Fisheries Punjab, Lahore	2017-18	29091	3,360,000
8.	Conservator of Forest Development & Working Plan Circle Multan	2010-18	29140	3,220,608
9.	Deputy Director Fisheries District, Lahore	2014-17	24588	3,134,849
10.	Director general Wildlife & Parks Punjab, Lahore	2016-17	26223	2,863,036
11.	DFO Rahim Yar Khan	2016-18	30517	2,095,105
12.	Deputy Director Wildlife Publicity & Research, Lahore	2010-17	24632	2,023,163
13.	Chief Conservator of Forest Central Zone Lahore	2011-17	24597	1,600,000
14.	Secretary Forestry, Wildlife and Fisheries Punjab, Lahore	2017-18	29090	1,209,000
15.	District Wildlife Officer, Lahore	2015-17	26236	990,520
16.	Conservative Forest Lahore Circle, Lahore	2016-17	24686	447,052
Total				204,330,151

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

The matter was pointed out in March, May, August & October 2018. The management at Sr. No. 3 stated that detailed reply would be submitted later on. The management at Sr. Nos. 4 & 16 did not offer any reply. The rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls on “Appropriations” and seek condonation of irregularity from the Finance Department.

9.4.25 Irregular issuance of free plants to government institutions- Rs. 13.38 million

According to Sr. No. 9, Part-II of Delegation of Financial Powers Rules 2006 amended up to date-Certain Powers to Departments, the DFO has no power to issue free plants to any government department.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that free plants valuing Rs.13,375,374 were issued to government institutions free of cost without getting sanction from the higher competent authority. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Divisional Forest Officer, Faisalabad	2016-18	27050	4,951,360
2.	Divisional Forest Officer Mianwali	2016-18	27954	3,264,192
3.	DFO Chichawatni	2016-18	29049	2,208,842
4.	D.F.O. Gujrat	2016-18	29132	1,952,000
5.	Divisional Forest Officer, Chakwal	2016-18	27077	850,430
6.	D.F.O. Attock	2017-18	29114	148,550
Total				13,375,374

The irregularity was pointed out from August to October 2018. The management at Sr. No. 1 replied that the matter was under process. The managements at Sr. Nos. 3 & 5 did not offer any reply. The rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that recovery be made from departments whom plants were issued or irregularity be got condoned from the competent authority.

9.4.26 Non finalization of pending enquiry cases-Rs. 45.12 million

Rule 2.33 of PFR Vol-I requires that every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that inquiry cases against officers/officials were pending with different enquiry officers in the department since long. These cases need to be expedited so that timely decision be made by the competent authority.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Conservator of Forest Circle, D.G Khan	2006-18	27462	29,975,434
2	DFO, Sahiwal	2016-18	27981	8,512,152
3	DFO, Okara	2016-18	29065	4,609,949
4	DFO, Chichawatni	2016-18	29052	1,073,205
5	DFO, Rahim Yar Khan	2016-18	30520	513,020
6	DFO, Mianwali	2016-18	27962	441,040
Total				45,124,800

Audit was of the view that the lapse occurred due to weak supervisory and internal controls.

The matter was pointed out from August to October 2018. The formation at Sr. No. 1 did not offer any cogent reply. The formation at Sr. No. 2 stated that detailed reply would be submitted later on. The management at Sr. No. 3 did not offer any comments. The remaining managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should pursue the pending cases for early finalization besides strengthening of supervisory and internal controls.

9.4.27 *Doubtful expenditure on weeding and kana stubbing operations-Rs 2.45 million*

According to Para 2.4(i) of the Forest Manual Vol-II, the Divisional Forest Officer is the custodian of Forest / Forest Produce and will be responsible for proper management of the Forest Business and the Finance of his division.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that an amount of Rs. 2,449,145 was charged for weeding operations and same amount was charged for Kana Stubbing in same compartments. The details are as under:

Sr. No	Name of formation	Period of Audit	PDP No	Amount (Rs.)
1.	DFO, Gujrat	2016-18	29133	1,888,145
2.	DFO, Gujrat	2016-18	29136	561,000
Total				2,449,145

Audit was of the view that lapse occurred due to weak financial and supervisory controls.

The matter was brought to the notice of departmental representative in October 2018. The management simply noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired, loss involved be recovered and deposited into government account besides strengthening of financial and supervisory controls to avoid recurrence of such lapses in future.

9.4.28 Poor Human Resource Management-Rs 1.36 million

As per Government of the Punjab, Finance Department letter No.FD.SR.IV-8-1/76(Prov) dated 16.03.1988, shifting of headquarter of a civil servant can only be allowed for a period not exceeding three months with the prior approval of Finance Department.

During audit of Forestry, Wildlife & Fisheries Department, it was observed that officers/officials performed their duties other than their parent offices for the period more than three months without prior approval of the Finance Department. They were drawing pay form their parent offices. The expenditure on their salaries amounting to Rs.1,361,940 was held irregular. The details are as under:

Sr. No	Name of formation	Year of Audit	PDP No	Amount (Rs.)
1.	District Wildlife officer Lahore	2015-17	26235	536,220
2.	DG wildlife & Parks Lahore	2016-17	26221	489,720
3.	Director Fisheries H.M Manawan, Lahore	2015-17	24685	336,000
Total				1,361,940

Audit was of the view that lapse occurred due to non adherence to government instructions.

The matter was pointed out in March 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility be fixed against the concerned and expenditure be got regularized from the Finance Department besides strengthening of supervisory and internal controls on payroll.

9.4.29 *Mis-appropriation of plants-Rs.904,160*

According to rule 2.33 of PFR Vol-1 every Govt. Servant should realize fully & clearly that he will held personally responsible for any loss sustained by Govt. through fraud or negligence on his part.

During audit of DFO Faisalabad for the year 2016-18, scrutiny of record pertaining to scheme “Establishment of Short Rotation Plantations in Punjab” revealed that a quantity of 113,020 plants was raised under the scheme during 2015-16. The plants were lying in stock at the close of financial year 2016-17. Moreover, maintenance cost was not charged throughout the period which showed that stock of plants was not available at site. Resultantly, loss of Rs.904,160 (113020*Rs. 8) was sustained by the Government exchequer.

The matter was pointed out to the formation in September 2018. The DDO replied that reply would be submitted after scrutiny of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired to fix responsibility besides making the loss good from the responsible.

(PDP No.27057 – DFO, Faisalabad – 2016-18)

9.4.30 Non deposit of tawan of abiana into government treasury- Rs.1.42 million

As per Rule 8.5 of PFR Vol-I, actual payees' receipts duly stamped where necessary, showing full particulars, of the charges, should invariably be obtained, when making payments of claims against Government.

During audit of Divisional Forest Officer Mianwali, for the year 2016-18, it was observed that an amount of Rs.1,417,289 was outstanding as tawan on abiana dues against DFO Mianwali paid. Neither clarification regarding why tawan was added into the amount of abiana nor outstanding recovery certificate was obtained from Revenue Department.

When the irregularity was pointed out to the formation in September 2018, the DDO noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter may be justified.

(PDP No.27957 – DFO, Mianwali – 2016-18)

9.4.31 Non-evaluation of project/scheme by P&D department-Rs. 85.56 million

Evaluation of development projects and programs is one of the main function of the Planning & Development Department. Moreover, as

per Para 1.55 of Planning Commission Manual for Development Projects, PC-IV is required to be submitted at the time the project is adjudged to be completed.

During audit of Divisional Forest Officer Mianwali for the year 2016-18, it was observed that a project/scheme titled “*Promotion of Social Forestry in Punjab*” costing Rs.85,557,000 was completed in 2017-18 but neither evaluation report of the project was obtained nor PC-IV was prepared and submitted to P&D Department.

When pointed out the matter to the formation in September 2018, the DDO noted the observation only.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should submit necessary documents to the quarters concerned besides fixing responsibility for non submission of documents well in time.

(PDP No.27950- DFO, Mianwali – 2016-18)

**9.4.32 *Loss due to mis-management of the department due to fire-
Rs.1.73 million***

According to Para 2.4 (i) of Forest Manual Vol-II, the Divisional Forest Officer is the custodian of forests/forest produce and will be responsible for proper management of the forest business and the finance of his division.

During audit of Divisional Forest Officer, Rahim Yar Khan for the period 2016-2018, scrutiny of forest offence cases register revealed that a large number of forest offence cases were pending for investigation and fixing of responsibility against the forest offenders.

When pointed out the matter in November 2018, the management replied that forest fires are accidental and a forest guard or any other officer/official is helpless against such natural hazard. The reply was not in line with audit observation, hence not acceptable.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that either the loss be got written off with the sanction of competent authority or the loss be made good after fixing responsibility.

(PDP No.30532-DFO, R.Y. Khan – 2016-18)

9.4.33 *Doubtful expenditure on kana mesquite stubbing-Rs 1.89 million*

According to Para 2.4(i) of the Forest Manual Vol-II, the Divisional Forest Officer is the custodian of Forest / Forest Produce and will be responsible for proper management of the Forest Business and the Finance of his division.

During audit of Divisional Forest Officer, Gujrat for the year 2016-18, it was observed that an amount of Rs. 1,888,145 was charged on account of Kana Mesquite Stubbing in 595 acres under non-development grant. The expenditure was held doubtful as a tractor in working condition was available with the management and in the presence of tractor, claim for the operation was not legitimate.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

The matter was brought to the notice of departmental representative in October 2018. The management simply noted the observation.

Audit recommends that the matter be inquired to fix responsibility besides strengthening of supervisory and financial controls.

(PDP No.29133 – DFO, Gujrat – 2016-18)

9.4.34 Cost and benefit analysis-Rs. 3.04 million

According to Rule 2.33 of PFR Vol-1, every Govt. Servant should realize fully & clearly that he will held personally responsible for any loss sustained by Govt. through Fraud or Negligence on his part.

During audit of Assistant Director Wildlife Breeding Farm Jallo Park, Lahore for the period 2016-17, it was observed that total sanctioned strength in the department was 68. Out of which 53 posts had been filled while 15 very pivotal posts were not filled and lying vacant from preceding years without any justification. Audit observed that in the absence of one Veterinary Officer, two Wildlife Supervisors, one Head Watcher, one Baildar and one Chowkidar, the mortality level of animals increased as due care of animals was not possible without the staff mandatory for animal healthcare.

Sr. No.	Particulars	Loss to govt. due to mortality of animals w.e.f. 2012 to 2017 in Rs.	Period	Remarks
1	Mortality of animals due to negligence of entity	1200400	2016-17	Audit observed in detail visit to the department and it finds that the is neither quality feed measurement pace is available to the department. The contractor has a free will to produce feed to animals without necessary check and balance. Audit also finds that the cost and benefit analysis in selling animals is not progressive. The animals may be treated with due care and diligence.
2	Mortality of animals due to negligence of entity	1,035,710	2014-15	
3	Non Write Off Loss Due To Mortality Of Animal/Birds	807200	2012-14	
Total		3,043,310		

Audit was of the view that the lapse occurred due to weak administrative controls.

When pointed out the matter in May 2018, the DDO noted the observation for compliance.

(PDP No.24601 – A.D, Wildlife Breeding Farm Jallo, Lahore – 2016-17)

9.4.35 Unauthorized retention of public funds – Rs. 22.74 million

According to government instructions issued by the Finance Department vide their letter No. FD(FR)V-6/2 dated 29.10.1978, in no case the Government money coming into the hands of a Government servant either on account of receipts of the Government or by way of withdrawal from the Treasury should be kept in a commercial bank except with the specific sanction of the Finance Department. In case any bank account has been opened by some Offices/institutions the same may be closed forthwith and the balance standing therein credited to the Government account. Moreover, according to Para 5.2.2.3 of Accounting Policies & Procedure Manual (APPM), all receipts should be identified in accordance with the Chart of Accounts.

During audit of Deputy Director Wildlife Safari Park (Zoo), Lahore for the year 2014-17, it was observed that an amount to the stated extent was received by the local management but was not deposited into Safari Zoo account on the same date of receipt. The same was deposited into respective account after lapse of three days.

When the matter was brought to the notice of formation in March 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the irregularity be got regularized from the competent authority besides strengthening of supervisory and financial controls.

(PDP No.25565 – D.D, Wildlife Safari Zoo, Lahore – 2014-17)

9.4.36 Irregular payment of pending liability-Rs.5.01 million

As per Rule 17.18 of PFR Vol-I, under no circumstances may charges incurred be allowed to stand over to be paid from the grant of another year. Moreover, as per Rule 17.17 (A) *ibid*, every Disbursing Officer shall maintain a register of liabilities in P.F.R. Form No. 27 in which he should enter all those items of expenditure for which:

- Payment is to be made by or through another officer;
- Budget allotment or sanction of a higher authority is to be obtained; or
- Payment would be required partly or wholly during the next financial year or years.

During audit of Deputy Director Wildlife Safari Park (Zoo), Lahore for the year 2014-17, it was observed that payments of Rs. 5,007,604 pertaining to previous years were cleared from next year budget allocation in violation of above rule.

Audit was of the view that weak internal controls on budgetary provisions and disregards to rules resulted in irregular payment of pending liability.

The matter was brought to the notice of the DDO in March 2018 who noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls and seek condonation of irregularity from Finance Department.

(PDP No.25569 – D.D, Wildlife Safari Zoo, Lahore – 2014-17)

9.4.37 Irregular Drawl of TA/DA-Rs. 1.52 million

According to Rule 2.33 of PFR Vol-1, every Govt. Servant should realize fully & clearly that he will held personally responsible for any loss sustained by Govt. through Fraud or Negligence on his part.

During audit of Conservator of Forests, D.G Khan for the year 2006-18, it was observed that an amount of Rs. 1,521,578 had been drawn and disbursed to the officials irregularly due to following.

- Purpose of journey was not mentioned in the claims.
- Attendance certificates were not available with the claims.
- The claims were prepared/drawn only to consume the budget allocation.
- The employees had made the stay in different hotels at different stations but sales tax invoices were not obtained by the officials

The matter was brought to the notice of the DDO in November 2018 who noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired to fix responsibility for irregular payment besides recovery/regularization of expenditure from the competent authority.

(PDP No.27463 –Conservator of forest, DG Khan – 2006-18)

9.4.38 Irregular investment-Rs.22 million

As per Finance Department letter No. FD (W&M) 1-1/70 (VII) dated 15.05.2009, interest rates of five major banks namely NBP, HBL, UBL, MCB and ABL should be compared with the interest of Bank of Punjab. The cases in which highest interest rates are offered by the above mentioned banks should be referred to the Finance Department for advice.

During audit of Lahore Zoo, Lahore for the financial year 2017-18, it was observed that huge investment (re-investment) of Rs.22,000,000 was made for five years (05.11.2013 to 05.11.2018) @ 11.55% per annum in Bank of Punjab, Kasuri Tower Branch directly without calling rates from five major banks in violation of above rule. Investment was made without healthy competition among banks and at lesser rate of interest.

Audit was of the view that lapse was occurred due to non adherence to government instructions.

When pointed out the matter in November 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends to get the irregularity condoned from the Finance Department besides strengthening of supervisory and financial controls.

(PDP No.29883 –Lahore Zoo, Lahore – 2017-18)

9.4.39 Irregular expenditure on dry afforestation works-Rs 2.15 million

As per Sr. No. 3 and 13 of the Punjab Forest Department Circular No 4/1973-74/ST dated 28.08.1973, for all forest operations, the Annual Plan of Operation should be prepared. The APO will be sanctioned by the

Conservator of the Forest in his capacity as a controlling officer wherein he is required to exercise necessary technical and financial control.

During audit of Divisional Forest Officer, Attock for the year 2017-18, it was observed that dry afforestation and construction of 50 number boundary pillars was carried out under non-development budget without approval of APO from the competent authority. This resulted into irregular expenditure of Rs. 2,150,000 to the Government due to non-observance of financial norms.

Audit was of the view that lapse occurred due to weak financial and supervisory controls.

The matter was brought to the notice of departmental representative during October 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be looked into, irregularity be got condoned with the sanction of the competent authority besides strengthening financial and supervisory controls to avoid recurrence of such lapses in future.

(PDP No.29111 – Divisional Forest Officer, Attock – 2017-18)

9.4.40 Non-existence of double cabin vehicle- Rs 3.85 million

According to Para 2.4(i) of the Forest Manual Vol-II, the Divisional Forest Officer is the custodian of Forest / Forest Produce and will be responsible for proper management of the Forest Business and the Finance of his division.

During audit of Divisional Forest Officer, Gujrat for the year 2016-18, it was observed that an amount of Rs. 3,848,500 was drawn vide

Cr.Vr. No. 27/Div of 2/17 and Cr.Vr. No. 13/Div of 5/17 for purchase of Double Cabin Vehicle (Revo 4x4) under development scheme “Afforestation in Riparian Forests of Central Zone”. The purchased vehicle was taken in Form-16 but not physically available in the office premises. It appeared that either vehicle had been stolen or the same was under unlawful possession of other office.

Audit was of the view that lapse occurred due to weak financial and supervisory controls.

The matter was brought to the notice of departmental representative during October 2018. The management simply noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be investigated, the whereabouts of vehicle be known besides strengthening financial and supervisory controls to avoid recurrence of such lapses in future.

(PDP No.29125 – DFO, Gujrat – 2016-18)

9.4.41 Un-authorized expenditure from receipts-Rs. 11.36 million

According to Government of the Punjab, Finance Department letter No.FD(-)4-359/2008 dated 04.04.2009, Finance department conveys its concurrence to open a bank account in favour of Director General Wildlife and Parks, Punjab, in any schedule bank for utilization of revenue receipt collected from Lahore Zoo Safari for making payment of feed and maintenance charges etc. Moreover, as per Rule 2.33 (ibid), every Government servant should fully and clearly that he will be

held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Deputy Director Wildlife Safari Park (Zoo), Lahore for the year 2014-17, it was observed that an amount of Rs.11,362,589 was spent on the expenditure other than feed and maintenance which was quite irregular and against the rules prescribed for the utilization of receipt.

Audit was of the opinion that negligence of the management resulted in the excess utilization of funds other than those prescribed by Finance Department.

The matter was brought to the notice of DDO in March 2018 who noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility be fixed for non-adherence to Government instructions besides regularization of the matter from Finance Department and strengthening of financial and internal control system.

(PDP No.25567 – D.D, Wildlife Safari Zoo, Lahore – 2014-17)

9.4.42 *Un-authorized/irregular retention of receipts into private account-Rs.148.79 million and loss of profit due to non-opening of PLS account for receipts*

According to Government of the Punjab, Finance Department letter No.FD(-)4-359/2008, dated 04.04.2009 “Finance department conveys its concurrence to open a bank account in favour of Director

General Wildlife and Parks, Punjab, in any schedule bank for utilization of revenue receipt collected from Lahore Zoo Safari for making payment of feed and maintenance charges etc.” Moreover, according to Accounting Policies & Procedure Manual (APPM) para 5.2.2.3. All receipts should be identified in accordance with the Chart of Accounts specification and as per para 5.2.2.5. Officers receiving public money will be held accountable for all public monies received by them and must maintain a proper record of receipts. Furthermore, as per Rule 2.33 (ibid), every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Deputy Director Wildlife Safari Park(Zoo), Lahore for the year 2014-17, it was observed the Current Account No.CD-1285-5 had been opened by the local management in Bank of Punjab, Raiwind Road Lahore for the retention of receipts and meeting the expenditure on feed items and maintenance charges. Following observations were noted;

1. That Receipt account had not been prepared. Moreover, it was noticed that receipts were not classified in accordance with the Chart of Accounts.
2. An amount of Rs.148,694,915 was lying in the account at the close of every financial year but due to non-opening of the PLS account government had been deprived of the profit/interest to be earned.
3. An audit objection No.11, for the period 2012-14 was also raised for non-opening of the PLS account but since then no efforts were made for the opening of the account with the Finance Department which needs justification.
4. The department incurred an amount of Rs.70,060,506 on account of expenditure from the receipt but the balance of

receipt at the end of each year amounting to Rs. 148,694,915 was not deposited into government treasury.

5. Compilation register indicating detail of head of accounts, type of receipts, date of receipts, date wise and month wise total of receipts;
6. Daily/Monthly/yearly reconciliation of receipts with bank/ AG/DAO/TO;
7. Number of receipt books issued and utilized during the financial year 2014-17;

The matter was brought to the notice of the DDO in the month of March 2018 who noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit was of the view that the un-spent balances of the receipt may be deposited into government treasury, responsibility be fixed for not opening of PLS account and loss be made good from the concerned.

Audit recommends that omission be got regularized from the competent authority besides strengthening of supervisory and financial controls under report to audit.

(PDP No.25559 – D.D, Wildlife Safari Zoo, Lahore – 2014-17)

9.4.43 Irregular expenditure on purchase of POL and repair of vehicles-Rs. 4.50 million

According to Sr. No. 3 of Second Schedule to Delegation of Financial Powers Rules, 2016 and Para 48 of Appendix 14, the purchase and replacement of vehicles shall be made subject to the condition that the

strength of vehicles in the department has been sanctioned by the Finance Department and the purchase/replacement is required for keeping up the sanctioned strength.

During audit of Director General, Wildlife & Parks, Punjab, Lahore for the year 2016-17, it was observed that sanctioned strength of vehicles was not obtained from the Finance Department and a fleet of eight vehicles consisting of Toyota Car, Toyota Double Cabin, Suzuki Jeep and Toyota Single Cabin remained under the use of staff of Director General, Wildlife & Parks, Punjab, Lahore. Thus, the expenditure incurred on purchase of POL and repair of vehicles was held irregular. The details are as under:

No. of vehicles used	Cost of POL purchased Rs.	Cost of repair of vehicles Rs.	Total Rs.
8	2,366,000	2,136,000	4,502,000

The matter was pointed out to the formation during March 2018. The formation replied that the required sanctioned strength was issued by the concerned authority but sanctioned strength was not shown to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that sanctioned strength of vehicles may be obtained from finance department besides regularization of expenditure from the competent authority.

(PDP No.26231 – DG, Wildlife & Parks, Lahore – 2016-17)

CHAPTER 10

HIGHER EDUCATION DEPARTMENT

10.1 Introduction

The Education Department was split into four Departments i.e. Higher Education Department, Special Education Department, School Education Department and Literacy & Non-formal Basic Education Department in the Financial Year 2003-04. The Higher Education Department, Government of the Punjab deals with Universities, Boards and Colleges.

The realization of the Higher Education department's vision of "enlightened and prospering Punjab by reinforcing knowledge economy" rests on the shift from access to quality, and for realization of this vision the department has outlined following objectives:

- Increase number of skilled faculty
- Enhance quality of assessment system
- Increase market relevance of higher education programs
- Increase in number of students enrolled at college/ university level
- Create opportunities for all income groups, social classes and genders
- Introduce a financial aid (loan) scheme in HEIs
- Increase number of need-based scholarships
- Create special opportunities for remote areas
- Raise students' commitment to higher education
- To Improve Infrastructure and Resource Provision

10.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Higher Education Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/(Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	183.222	(13.271)	169.951	165.565	(4.386)
PC21015	26,626.525	1,027.448	27,653.973	27,541.305	(112.668)
PC22036	11,415.736	(1,026.170)	10,389.565	6,518.536	(3,871.029)
Total	38,225.483	(11.994)	38,213.489	34,225.405	(3,988.084)

Overview of Expenditure

The final budget of Higher Education Department for the year ended 30 June, 2018 was Rs. 38,213.489/- million. Out of this, actual expenditure was Rs. 34,225.405/-million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/(Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	26,809,747,000	27,706,869,444	897,122,444	3.346254793
Development	11,415,736,000	6,518,536,040	(4,897,199,960)	42.89867916
Total	38,225,483,000	34,225,405,484	(4,000,077,516)	10.46442635

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	27,823,924,000	27,706,869,444	(117,054,556)	0.42
Development	10,389,565,279	6,518,536,040	(3,871,029,239)	-37.26
Total	38,213,489,279	34,225,405,484	(3,988,083,795)	10.44

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (3,988.084) million at the close of the year 2017-18 under grants PC21010, PC21015 & PC22036 were not surrendered in time by the Department.

10.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports of Education Department discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1984-85	39	33	6	85
2	1985-86	65	53	12	82
3	1986-87	109	92	17	84
4	1987-88	112	93	19	83
5	1988-89	148	108	40	73
6	1989-90	165	48	117	29
7	1990-91	83	27	56	33
8	1991-92	67	17	50	25
9	1992-93	41	19	22	46
10	1993-94	41	21	20	51
11	1994-95	55	14	41	25
12	1995-96	50	22	28	44
13	1996-97	66	42	24	64
14	1997-98	197	103	94	52
15	1998-99	391	167	224	43
16	1999-00	447	244	203	55
17	2000-01	1427	947	480	66
18	2001-02	471	328	143	70
Total		3974	2378	1596	60

The Education Department was split into four Departments i.e. Higher Education Department, Special Education Department, School Education Department and Literacy & Non-formal Basic Education Department in the Financial Year 2003-04. The status of compliance with PAC Directives for reports of Higher Education Department discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance Received	Compliance not Received	Percentage of Compliance
1	2003-04	61	0	61	0
2	2005-06	86	0	70	81

Sr. No.	Audit Report Year	Total Paras	Compliance Received	Compliance not Received	Percentage of Compliance
3	2009-10	91	35	56	37
4	2010-11	26	21	5	80
5	2011-12	77	11	66	14
6	2012-13	172	7	165	4
7	2013-14	26	5	21	19
Total		539	79	444	15

The compliance with PAC directives in Higher Education Department remained unsatisfactory except for the years 2005-06 and 2010-11. The department is required to improve it.

10.4 AUDIT PARAS

Fraud/Misappropriation

10.4.1 Recovery of embezzled amount-Rs.3.45 million

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Higher Education Department, it was observed from record that some employees were found involved in embezzlement of hostel funds. Inquiry proceedings were initiated against them but fate of inquiry and recovery was not shown to audit. The details are as under:

Sr. No	Name of Formation	Period of audit	PDP No.	Type of embezzlement	Amount (Rs.)
1.	University of the Punjab	2017-18	29980	Embezzlement in hostel funds	2,356,389
2.	GC University, Faisalabad	2016-18	28370	Embezzlement in hostel funds	966,531
3.	UET, Lahore	2017-18	28719	Theft of physical assets	124,280
Total					3,447,200

Audit was of the view that the lapse occurred due to negligence on part of the management.

The matter was pointed out to concerned formations in July and September 2018. The formation at Sr.No.1 did not offer any reply. The formation at Sr.No.2 stated that reply would be submitted after scrutiny of record. The formation at Sr. No. 3 replied that the incident of theft took place between 4.00 p.m. (28 May 2011) to 8.00 a.m. (29 May 2011). On 29 May 2011, campus was closed being Sunday. Burglars broke in the campus store after cutting the iron grills on the windows. After initial

investigation and site visit, it was found that the store was properly locked. Therefore, it was decided by the campus coordinator to lodge an FIR with the Police instead of holding local inquiry as there was possibility of involvement of people from outside. The replies were not tenable being evasive.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at appropriate level to find out the factual position besides recovery from the concerned.

Non production of record

10.4.2 Non-production of record

Section 14 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that the officer in-charge of any office/department shall afford all facilities and provide record for audit inspection and comply with request for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency & Discipline Rules.

During audit of Higher Education Department, the auditable record was not produced to audit despite repeated requests. (Annexure-24).

Due to non-production of record audit could not verify the authenticity of accounts.

The matter was pointed out to concerned formations from February 2018 to May 2018 & July 2018 to November 2018. In reply, some formations stated that record was available and rest of the formations noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.80 kept pending for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends disciplinary action against the responsible for hindering the auditorial functions besides production of record.

Irregularity & Non Compliance

10.4.3 Irregular/unauthorized expenditure out of college funds without approval of the college council-Rs.60.06 million

According to Government of the Punjab, Higher Education Department Notification No. SO(A-I)1-47/2010 dated 29.11.2010, and SO (CA)1-44/2016, dated 16.05.2016, Principal was empowered to sanction expenditure out of different student funds subject to approval from College Council.

During audit of Higher Education department, it was observed that expenditure amounting to Rs. 60,057,014 (Annexure-25) was incurred out of different College Funds without approval of College Council. The expenditure so incurred was therefore held irregular/unauthorized.

Audit was of the view that weak internal and supervisory controls led to irregular/unauthorized expenditure.

The irregularity was pointed out during February to May and July to November 2018. All the DDOs noted the observation for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the paras at Sr. Nos.5 & 16 were kept pending for compliance. Further progress was not reported by the

department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends regularization of matter with the sanction of college council besides strengthening supervisory controls to avoid such lapses in future.

10.4.4 Non verification of deposits-Rs.14.43 million

As per Rule 4.1 of PFR, Vol-I, the departmental controlling officers should accordingly see that all sums due to Government are regularly received and checked against demands, and that they are paid into the treasury. Further, as per para 4.5(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited to Government account. Moreover, as per para 2.4 of PFR Vol-I, in the case of payments into the Treasury the Disbursing Officer should compare the Treasury Officer's receipt on the challans with the entry in the cash book before initialing it, and when such payments are appreciable, he should obtain from the Treasury a monthly list of payments which should be compared with the posting in the cash book.

During audit of Board of Intermediate & Secondary Education, D.G. Khan, for the financial year 2017-18, it was observed that deposits for Rs.14427198 had not been got verified from the Treasury till the close of audit. Further, the monthly income statements were also not prepared & verified from the District Accounts Office, D.G. Khan.

Non observation of rules due to weak financial controls resulted in un-authentic deposit of monthly receipts for Rs.14,427,198.

The matter was pointed out to the formation during audit in July 2018. The Board management did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that verification of deposits be carried out from DAO, DG Khan besides income statement be prepared and shown to audit.

(PDP. No. 26142 of BISE DG Khan- 2017-18)

10.4.5 Non-availability of procurement and distribution account of laptops -Rs.12.06 million

As per instructions in PFR Vol-I, 15.4(a) all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government servants should see that the quantities are correct and their quality good, and record a certificate to this effect. The receiving Government servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock registers. As per Government of the Punjab Finance Department letter No.SOTT(6-1)/2007, dated 26.10.2007 regarding Revised Procedure for the conversion of PLAs into SDAs Para 3(vii), “The operator of the SDA will be required to submit monthly accounts of expenditure supported with copies of paid vouchers to the concerned AG/DAO/TO for Post-Audit purpose by 15th of month following the month in which expenditure was incurred.

During audit of the accounts of Secretary to Government of the Punjab, Higher Education Department, Lahore for the F.Y 2017-18, it was

observed that an amount of Rs.12,056,000 was drawn under SDA No.136 Cost Centre No.LO-9275 under Object AO-5270 for purchase and distribution of Laptops. Procurement documents and receipt & distribution account of laptops were not obtained and shown to audit. In the absence of these documents, the utilization of the amount drawn for the purpose of which it was provided could not be ensured.

When audit pointed out the matter in September, 2018, the DDO replied that distribution account will be obtained from Director Colleges and will be shown to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that Procurement Documents and Receipt/Distribution Account may be obtained and shown to audit immediately to verify procurement and distribution of laptops.

(PDP. No.27492 of Secretary Higher Education Department, Lahore, 2017-18)

10.4.6 Non-deposit of tuition/admission fee-Rs.8.28 million

As per PFR Vol-I 4.1, it is ordinarily the duty of the Revenue Department concerned, and not of the Audit Department to see that the dues of Government are regularly paid into the treasury. The departmental controlling officers should accordingly see that all sums due to Government are regularly received and checked against demands, and that they are paid into the treasury.

During audit of the Government College of Commerce Sabzazar Lahore, for the period 2015-17, it was noticed that an amount of Rs. 8,281,000 was collected on account of tuition and admission fee but the

same was not deposited in the government account despite lapse of considerable time.

The lapse occurred due to weak financial controls of the management.

When pointed out, the management admitted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be looked into at administrative level and fix the responsibility, defaulter may be penalized under E & D rule with the direction to verify the whole receipt (admission/tuition/student funds) for the period under audit.

(PDP No.25979-Government College of Commerce Sabzazar, Lahore-2015-17)

10.4.7 Unauthorized drawl of library security-Rs. 17.33 million

As per clause 15(3)(a) of Government College for Women University, Multan Act 2012 “the treasurer shall be the chief financial of the university and shall manage the assets, liabilities, receipts, expenditure, funds and investments of the University. According to Government of the Punjab, Higher Education Department Notification No. SO (CA) 1-44/2016 dated 16.05.2018, Principal had full power to disburse Library Security Fund subject to disbursement through a notified committee.

During audit of the Higher Education Department, it was observed that library security account was maintained and huge amount of Rs. 17,326,348 was available in the account on 30.06.2018.

Sr. No.	Name of formation	Period of audit	PDP No.	Brief Description	Amount (Rs.)
1.	GC (W) University, Faisalabad,	2016-18	29553	Irregular drawl of Library Security for refund	10,260,000
2.	GC (W) University, Multan	2016-18	29420	Non transfer of library security	5,123,000
3.	Govt. Dyal Singh College, Lahore	2016-17	25837	Unauthorized expenditure made from lapsed library security funds	339,880
4.	Govt. APWA College for Women, Lahore	2016-18	28688	Unauthorized/irregular disbursement of library security fund	474,348
5.	Govt Degree college for Women, Lodhran	2004-18	26778	Irregular drawl out of Lapsed Library Security Fund	189,000
Total					17,326,348

Audit was of the view that amount of library security may be refunded or transferred into lapse security fund after considerable period. The huge amount retained in a account shows the weak supervisory control.

The matter was reported in February to April and July to November 2018. The auditee replied that detailed reply will be submitted after scrutiny of record.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the amount of the para at Sr. No.3 was reduced to Rs.339,880 after refund of Rs.944,654. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that huge amount of library security retained in account may be refunded or transferred to lapse security fund accordingly.

10.4.8 Non deposit of CDRs into bank account-Rs.10.32 million

Section 18 (a) of University of the Punjab Act, 1973 provides that the Treasurer shall manage the property, the finances and the investments of the University.

During audit of accounts of University of the Punjab, Lahore for the period 2017-18, scrutiny of CDR Register and related record revealed that CDRs were received from contractors as security and had not been deposited into University main account to earn profit and to avoid the theft risk. If these CDRs were deposited into bank account, a profit/interest Rs.619,005 @ 6% per annum could have been earned. Further, to check the genuineness of CDRs, verification was not made from the concerned banks. The gross negligence of the management resulted into loss of Rs.619,005.

The matter was pointed out in August 2018. The management replied that as the bidders can collect their CDRs at any time so the availability of CDRs was ensured by keeping them in safe custody. The reply was not tenable as there is no rule regarding return of CDRs before the stipulated period. The department is required to furnish the record regarding CDRs to decide whether these are bid securities or performance securities because such huge amounts could not be of bid securities. The department is also required to furnish the rule regarding return of CDRs to the contractors alongwith profit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends matter may be looked into and policy/SOPs may be devised by the University management to deposit the CDR into bank account at the earliest when it is received from the firms/contractors to earn profit and to minimize the risk of theft/bogus CDR besides strengthening financial and supervisory internal controls.

(PDP. No. 30014 of University of the Punjab Lahore, 2017-18)

10.4.9 Loss to university due to self-cultivation of land-Rs. 2.47 million

Section 18 (a) of University of the Punjab Act, 1973 states that the Treasurer shall manage the property, the finance and investment of the University.

During audit of the accounts of University of the Punjab, Lahore for the financial year 2017-18, it was observed that the management of the University had given 906 acres of agricultural land on lease to various parties whereas 107 acre land was not leased and self-cultivated. Scrutiny of income statement of the land used for self-cultivation revealed that income of Rs.7,297,900 was realized from the auction of agricultural produce and fodder and the total expenditure incurred on cultivation was Rs. 3,780,628. Hence income realized from 107 acres was Rs.3,517,272 with an average income of Rs.32,871 per acre. The land was given on lease @Rs.45000 per acre without canal water and Rs.56,000 per acre with canal water. Taking Rs.56,000 as base rate if the land had been leased income of Rs.5,992,000 could have been realized.

The irregularity occurred due to weak supervisory and financial controls. Self-cultivation of land thus resulted in loss of revenue of Rs.2,474,728.

The lapse was pointed out during July 2018. The management of the entity replied that the land adjacent to Offices, Departments,

Laboratories and residences is either under experimental trials or left open and not put under any commercial activity for maintenance of educational atmosphere and avoid unnecessary trespassing. Thus, leasing of whole of the University campus land is not the rational decision to avoid unnecessary trespassing. Self-cultivation scheme was started in the same context in 1979 in order to keep the outsider elements away from the built area of the University for aforementioned purposes. Other main purpose of self-cultivation scheme is to provide facility to university employees by growing cereal crops such as wheat and paddy for them. These crops are sold to the university employees at the price fixed by the government. Further, the audit has worked out figure assuming the land as canal irrigated, whereas the land under reference is tube well irrigated. So base rate for the purpose of calculation should be Rs.45,000 per acre. In this way shortfall comes only Rs.261,728 instead of Rs.2,474,728 calculated by audit. It is further clarified that fertilizer/pesticides expenditures as mentioned above is not used exclusively for self-cultivation, but was also used for gardening wing. This fact can be verified from budget estimates 2017-18 that no budget allocation under the budget head fertilizer/pesticides was made in the gardening wing so the fertilizer/pesticides were used for self-cultivation. The reply was not tenable as the land under cultivation was not utilized for any educational activity. The land was required to be leased out as agricultural land through open auction.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility for the loss be fixed besides leasing out land in future through public auction.

(PDP. No. 30040 of University of the Punjab, Lahore, 2017-18)

10.4.10 Un-justified payment made on contract to release the Govt. Land Rs. 2 million

As per Rule 16 (c) the treasurer shall ensure that the funds of the university are expended on the purposes for which they are provided. Rule 2.33 of PFR Vol-I states that every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of University of Engineering and Technology, Taxila (Chakwal Campus) for the year 2017-18, it was noticed that University made payment to an individual for getting the occupation on Government land but the land had not so far been got vacated.

The lapse was occurred due to weak internal control on asset management.

When audit pointed out in August, 2018 management replied that Mr. Noor Alam was already unlawful occupant of land/ (Masjid+Madarasa+Residence) when University took over the land in 2005. Boys hostel constructed in front of Noor Alam's residence and allotted to students since Jan 2018. After that Mr. Noor Alam and his family started creating threat/problem for university management. University wrote letters to several executives of the city but in vain. In stated situation, syndicate decided to grant sanction for such expenditure. The Reply was not tenable as no documentary proof of management's effort to rescue the land was provided. As land was already detained by the un-lawful occupant, management had to address the issue before starting progress on the campus.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to probe the case and fix the responsibility on the person liable for such lapse and land may be got vacated from the illegal occupants.

(PDP. No. 26831 of UET Taxila, 2017-18)

10.4.11 Loss due to non-leasing of unused piece of land-Rs. 1.89 million

Section 18 (a) of Bahauddin Zakariya University Multan Act 1975 states, that the Treasurer shall manage the property, the finance and investment of the University.

During audit of Bahauddin Zakariya University Multan, for the financial year 2017-18, it was observed that unused land measuring 42 acres was not leased out due to which the university sustained an estimated loss of Rs. 1,890,000. The amount of loss has been calculated on the basis of estimated prevailing rates of Rs. 45,000 per acre per year.

Audit is of the view that weak internal and supervisory controls led to loss to university.

When pointed out in September 2018, the DDO verbally discussed the observation but did not offer any written reply till finalization of this report.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends taking immediate steps to lease out the unused piece of land under intimation to Audit.

(PDP. No. 26754 of BZU Multan- 2017-18)

10.4.12 Unjustified utilization of Board's vehicle-Rs. 894,125

As per rule of business the Minister concerned was provided with conveyance facility/vehicle by the S&GA Department.

During audit of Board of Intermediate and Secondary Education, Gujranwala for period 2017-18, it was observed that a vehicle No.GAJ-123 was allotted to Minister of Education with Rs. 16,000 per month limit of POL and maintenance by the Board along with POL vide order No. SO (Boards)12-2/2013 (P-II) dated 18.12.2013. The said vehicle remained with the Minister upto the month of audit i.e. September 2018. An expenditure of Rs. 791,575 on POL and Rs. 102,550 on repair of the said vehicle was incurred during the financial year 2017-18.

The disregard of government instructions resulted in unauthorized allocation of vehicle and incurrence of expenditure of Rs.894,125.

Matter was pointed out in September 2018. The reply management stated that detailed reply will be submitted after checking of record. However no reply supplied till the date of finalization of this report.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be looked into and appropriate steps may be taken for recovery of POL amount from concerned and deposited in Board's account.

(PDP. No. 27511 of BISE Gujranwal, 2017-18)

10.4.13 Mis use of Vehicle No.BRL-7987- Rs.288,971

Rule 2.10 (a) (1) of PFR Vol-I states that in incurring and sanctioning expenditure from the revenues of the province the disbursing officers and sanctioning authorities should be guided by the following

fundamental canons of financial propriety: Same vigilance should be exercised in respect of expenditure incurred from Government revenues, as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During the course of audit on the accounts of BISE, Bahawalpur, for the year 2017-18, it was observed that vehicle No.BRL-7987 of the board was irregularly under the use of Deputy Secretary HED and the vehicle was handed over to the Deputy Secretary on 15-12-2016 vide board letter no.427/SBB dated 15-12-16. Further, expenditure of the vehicle Rs.288,971/- on POL and repair was borne by the board which is unjustifiable and needs to be recovered from the concerned.

Audit was of the view that lapse was occurred due to weak supervisory and financial control.

When pointed out the matter in October 2018, the department noted the observation for compliance.

Audit recommends to justify the matter, fix the responsibility, recover the cost of repair and POL born by the Board of the vehicle which was under the use of Deputy Secretary HED besides strengthening supervisory and financial internal controls.

(PDP. No. 29466 of BISE Bahawalpur, 2017-18)

10.4.14 Irregular purchase of medicines without DTL-Rs.47.43 million

According to Clause-I of letter No. S.O.(P-4)44/3-44/2008 dated 18/08/2008 Government of the Punjab Health Department, a sample from all regular purchases except for emergency and day to day must be submitted to Drug Testing Laboratories, Punjab, Lahore for test/analysis by the respective institution.

During audit of the accounts of University of Sargodha for the period 2017-18, it was observed that the university had run Medical and Diagnostic Center (UMDC) for university employees and general public. For this purpose UMDC purchased medicines worth Rs.47,431,564. The same were sold out to university employees and general public without getting the medicines tested from Punjab Drug Test Laboratories (DTL).

The lapse was occurred due to weak financial and supervisory controls of the university management.

When pointed out the matter in November 2018, the management noted for Compliance.

Audit recommends that matter being serious in nature be probed into at administrative level for fixing responsibility besides regularization of irregular expenditure from competent authority.

(PDP. No. 30322 of UOS Sargodha- 2017-18)

10.4.15 Irregular/unjustified expenditure on meeting of National Assembly Standing Committee- Rs.671,640

Deputy Director (A&C) Higher Education Commission, Islamabad vide letter No.2-2/HEC/A&C/2016/20 dated 27.12.2017 asked the university management to make necessary arrangements for accommodation, entertainment and local transportation of members of committee and staff officers during the 61st and 62nd meeting of National Assembly Standing committee on planning development and reform held on 3rd and 4th of January-2018. University of the Punjab and Lahore College for Women University was asked to contribute equally in expenditure.

During audit of accounts of University of the Punjab, for the financial year 2017-18 it was observed that an amount of Rs. 671,640 was

drawn vide cheque No.18309464 dated 02.1.2018 and paid as advance to Pearl Continental Hotel Lahore for the 61st and 62nd meeting of the National Assembly Standing Committee. Income tax @4.5% Rs.30,224 and 16% PST Rs.92,640 was not found deducted at source. Recovery of half of the expenditure from LCWU had not yet been made.

Audit was of the view that weak management controls resulted in unjustified expenditure on meeting of the National Assembly Standing Committee.

The lapse was pointed out in July, 2018. The management replied that Rs.671,640 was given to M/s Pearl Continental Hotel as an advance payment for reservation of 15 single rooms. However, only Rs.508,193 was incurred. Required sales tax i.e. Rs.67,109 has been directly deposited in Government Treasury by M/s Pearl Continental Hotel and PST & Income Tax at prescribed rates has been deducted from the bill of M/s Bareez Travels and deposited in Government Treasurer. Whereas for 50% share i.e. Rs.254,096 the Lahore College for Women University, Lahore has been requested. The amount is still awaited. The payment on the accommodation/entertainment and transportation of members of standing committee were incurred on the direction of Higher Education Commission, Islamabad. However, the point raised by Audit is noted and will be taken with the Higher Education Commission in future.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its management controls, probe the matter to fix the responsibility and proceed accordingly to settle the issue.

(PDP No. 30046-University of Punjab, Lahore-2017-18)

10.4.16 Irregular expenditure by allocating university vehicles to the un-authorize/non entitled persons- Rs.3.40 million

As per notification vide office order No. 200-P -57/Budget dated 22.01.2007 duly approved by the syndicate in its meeting on 29.12.2009, it was clarified about the entitlement of designated vehicle by showing its ceiling limits of POL.

Examination of the vehicles sanction strength of Punjab University duly approved by the competent authority revealed that 04 vehicles were allocated by the Vice Chancellor to the non-entitled persons in violation of the above said order of the syndicate. POL and other maintenance charges were also borne by the university.

The irregularity occurred due to weak supervisory and financial controls.

Matter was pointed out in August 2017 and it was replied that as per Vehicles-Use and maintenance Rules 2009, Section 3 approved by the Syndicate University of the Punjab, Lahore, Vice Chancellor is competent to decide the entitlement of officers for use of vehicles. The vehicles pointed out by audit were given to the officers after taking approval of the Vice Chancellor. Hence, no irregularity is made, audit is requested to verify the record and drop the observation. Reply of the department is not tenable because the vice chancellor is not authorized to allocate the university vehicle to non entitled person. Hence the power was mis-used regarding allocation of vehicle.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the allocation of vehicle to unauthorized person may be withdrawn and the irregularity be condoned from competent authority/forum under intimation to audit.

(PDP. No. 23886 of University of Punjab, 2016-17)

10.4.17 Loss due to award of contract at lesser rate-Rs. 6.75 million

Section 18 (a) of University of the Punjab Act, 1973 states that the Treasurer shall manage the property, the finance and investment of the University.

During audit of the accounts of University of the Punjab, Lahore for the financial year 2016-17, it was observed that possession of four Lawn's (Marquee of 160 x 144 sft area) were equally given to Dean's Caterers and Moon caterers on annual rental basis to conduct the functions of marriages, engagements, lunch/dinners parties etc. First three year agreement 19.10.2011 to 18.10.2014 was made with both the parties at the same annual rent i.e Rs. 3,000,000, Rs. 3,500,000 & 4,000,000. Contract was further extended for next three years w.e.f 19.10.2014 to 18.10.2017 by the university management with above mentioned two contractors. But, for unknown reasons and to the disadvantage of the university finances, it M/S Dean Caterers was awarded contract at much lesser rates as compared to other contractor M/S Moon Caterers which reflected undue favour and loss to government.

The irregularity occurred due to weak supervisory and financial controls.

Matter was pointed out in August 2017 and it was replied that initially the contract of marriage lawns was made after press advertisement to attract maximum competition. Rates of both parties i.e. Deans Caterers & Moon Caterers were same. After three years the extensions in contracts

were made by considering location, facilities and market values of marriage lawns. However, minimum 10% increase in annual rent was ensured in both cases. Reply of the department not acceptable as place which was equal and same according to rates in first three years of agreement was changed for another three years. Undue benefit was awarded to the contractor and deprived the university of revenue of Rs. 6,0750,000.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter to fix the responsibility, effect recovery and deposit the same into university fund under intimation to audit.

(PDP. No. 23855 of University of Punjab, 2016-17)

10.4.18 Loss due to uneconomical sales price of khush-aab water bottles- Rs.2.31 million cheap

Rule 2.33 of PFR Vol-I states that every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on.

During audit of the accounts for the year 2017-18 of University of Sargodha, Khush-Aab Water Unit, audit observed that the university management did not revise sale price of Khush-Aab water bottles, brand name “Khush-Aab” since March 2013. Current market price is much higher for 600 ml and 1.5 liter water bottle as compared to sales price of

Khush-Aab water bottles i.e., Rs.20 and Rs.25 respectively. On test basis 1.5 liter water bottle of equal local brand (Ola brand) was purchased to check the market price, it was surprising to note that market price was double i.e., Rs.30 per bottle as compared to current price of Khush-Aab 1.5 liter water bottle i.e., Rs.20. For 600ml current market price is approximate. Due to weak management control the university suffered loss to the above stated extent.

Audit was of the view that weak financial controls resulted in loss to the stated extent.

The matter was pointed out in October 2017. The management stated that reply would be submitted after reconciliation of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to revise the sale prices of Khush-Aab water bottles immediately according to market price, fix responsibility for non-revision of sales price, recovery of the loss either from the firms or from the responsible officers besides strengthening the supervisory and financial internal controls.

(PDP. No.30376 of UOS Sargodha-2017-18)

10.4.19 Irregular selection of distributors-Rs.9.91 million

As per government rule 12 (2) of Punjab Procurement Rules-2014, subject to rule 13, any procurement exceeding two million rupees shall be advertised on the website of the Authority, the website of the procuring agency, if any, and in at least two national daily newspapers of wide circulation, one in English and one in Urdu.

During audit of the accounts for the year 2017-18 of University of Sargodha Khush-Aab water unit, audit observed that sale of Khush-Aab water was made through five distributors (at reduced/distributors rates) of Rs.9,909,271 without selection of distributor through open competitive bidding/floating tender. The selection of distributors was made by the local management at own choice basis instead of on merit (financial position/human resources/size of fleet of vehicles/storage capacity etc.) basis after a formal bid process. It is worth mentioning here that sale to distributors was made at very low rates (i.e., Rs.15, Rs.21 and Rs.65 of 600ml, 1.5 liter and 19 liter bottle respectively) as compared to the market rates.

The matter was pointed out in October, 2018. The management stated that distributors have not been notified ever. They are direct vendors like ordinary units. Previously, the sales manager issued sales on credit, however, upon internal audit observations by treasurer office, the bank receipt of deposit has been made mandatory.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to inquire the matter regarding sale of water bottles at so low prices and credit sale to own choice distributors without any security and selection of distributor through tender, fix the responsibility against the concerned besides strengthening the supervisory and financial controls.

(PDP. No.30373 of UOS Sargodha- 2017-18)

10.4.20 Irregular payment of leave encashment of LPR-Rs.6.78 million

Rule 2.20 of PFR vol-I provides that as a general rule every payment, including repayment of money previously lodged with government for whatever purpose, must be supported by a voucher setting forth full and particulars of the claim. The particular form of the voucher applicable to the case should be used, as far as possible.

During audit of the accounts of Government Islamia College Civil Line, Lahore for the financial year 2016-17, examination of vouchers revealed that a sum of Rs.6,777,617 were drawn from SDA account and paid to the officers on account of leave encashment on retirement whereas the sanction was accorded and payment was made without obtaining leave title from the AG Office to show the leave credit in their accounts.

The lapse was occurred due to weak supervisory and internal controls.

When pointed out during May 2018, it was replied that requisite record will be produced to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the relevant record should be produced to audit for verification besides fixing responsibility for weak supervisory and internal controls.

(PDP. No. 25971 of Govt. Islamia College Civil Line Lahore, 2016-17)

10.4.21 Un-authorized opening of sub campus in private sector by the VC

As per clause 21(xii) Powers and duties of Syndicate, Syndicate was empower for affiliation or disqualification a college and institute. As

per clause 29 (3) of amended Act of University of Sargodha, 2004, the Syndicate shall after considering the recommendations of Affiliation Committee, dispose of the application for affiliation in accordance with such procedure as may be prescribed and may grant or refuse affiliation,. Provided that affiliation shall not be refused the educational institution has been given an opportunity of making a representation against decision.

During the audit of University of Sargodha for the year 2017-2018, it was noted that five sub campuses were opened by University of Sargodha notification no UOS/Acad/7383,3438 to 3441 dated 24/9/2012 & 16/8/2013 in private sector at Lahore, Gujranwala, Faisalabad (2 campuses), and Mandi Baha-ud-Din. The permission was granted by the Vice-Chancellor under section 13 (3) of University of Sargodha Ordinance, 2002, on behalf of Syndicate regarding establishment of Sub-Campus, Lahore under Public Private partnership policy 2012, with immediate effect as per the terms and conditions agreed upon by the both parties.

During the examination of affiliation record of the private sector campuses for the period 2012-2018 the following irregularities were noted.

- The permission was granted under section 13 (3) of the ordinance that Vice Chancellor of the University used the power of Syndicate in case of emergency. The nature of emergency was not apparent from record and neither it was produced.
- Syndicate had not given the approval to open Lahore Sub campus. Moreover as per syndicate meeting 5/2013 the request of opening the Mandi Bahauddin campuses was rejected.

- The proposals were not advertised on PPRA website and print media.
- NOC from HEC was not obtained within stipulated time i.e. one month after the issuance of notification dated 16/08/2013.
- As per University Act, the action taken by the Vice Chancellor (13(3) for granting the permission for opening these sub-campuses should be approved by the syndicate within 45 days which was not obtained.
- The deeds were signed by the University authority and private sub campus managements before the approval of syndicate.

On the basis of above noted facts Audit is of the view that the Vice chancellor of UOS used the power under section 13 (3) of the ordinance super ceding the clause 21 (xii) powers and powers of syndicate and 29 (3) Affiliation of educational institutions without any emergency. It shows that the permission of opening the sub campuses were granted to private sector malafiedly and un-authorizely. PPRA rules 9 and 12 were not observed for open competition and contracts were awarded to the favorite parties for opening sub campuses. The matter has also been pointed on electronic media and has been noticed by Chief Justice, Supreme Court of Pakistan and referred to the NAB.

In the absence of approval by the syndicate all the action/orders for the opening of sub campuses of UOS in private sector by the Vice Chancellor held illegal/irregular. Metter needs justification.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends enquire the matter at appropriate level, fix the responsibility for violation of University rules, Procedure and to give the undue favour to the owners of the private sab campuses. Besides strengthening financial and supervisory internal controls.

(PDP. No. 30357 of UOS Sargodha, 2017-18)

10.4.22 Irregular expenditure on conducting medical tests of patients from private hospital laboratory-Rs.7.80 million

As per PFR Vol-I of 2.10 (a) (1) , same vigilance should be exercised in respect of expenditure incurred from Government revenues, as a person of ordinary prudence would exercise in respect of the expenditure of his own money. Further, Section 18 (a) of University of the Punjab Act, 1973 states that the Treasurer shall manage the property, the finance and investment of the University.

During audit of accounts of University of the Punjab for the financial year 2017-18, it was observed that expenditure of Rs.7,801,220 was incurred on payment of medical test charges of employees from a private hospital laboratory M/s Cardex hospital. The tests were recommended by the medical staff of University Health Centre.

Audit was of the view that in the presence of government hospitals there was no need to make contract with a private hospital laboratory for conducting private tests. Furthermore, the Health center of the University had its own ultrasound, and X-ray machines and laboratory in the presence of which the conducting of tests from private hospitals was unjustified. PST @16% was not found charged on services rendered Rs.1,076,030.

The irregularity occurred due to weak supervisory and financial controls.

The lapse was pointed out in July 2018. The management replied that due to un-availability of specialized staff and equipment for the performance of special tests which are very costly and needs round the clock availability, as millions of rupees are required for the said arrangements. As such Punjab University Health Centre has made agreements (on special reduced rates) for indoor treatment with Punjab Institute of Cardiology for Cardiac Patients, Sheikh Zayed Hospital Lahore and Jinnah Hospital Lahore for general patients and Shaukat Khanum Memorial Hospital for Oncology Patients and for specialized investigations i.e., MRI CT Scan, other Special Radiological and Clinical Investigations. Cardex Hospital has also an agreement with the Punjab University Health Centre since last twenty years to facilitate the employees and their dependents round the clock for Special Clinical and Radiological investigations. Punjab University Health Centre has a Radiology Unit and a Radiologist was appointed on contract basis for routine X-Rays and Ultrasonography in morning timings only. The contract of said Radiologist has not been renewed since March 2018. So the patients who need radiological assessment are also being sent to M/s Cardex Hospital for their investigations. As regard the performance of these special tests from Governments Hospitals, they are already over loaded and the patients of Punjab University have to wait for sufficient period for test and again for results which would lead to delay in the treatment of patients and that can be detrimental/damaging for them as well. As per sr. no. 42 of second schedule of Punjab sales tax Act 2012, pathological or diagnostic tests are not taxable. The reply was not tenable as the non-availability of staff for X-ray and ultrasound despite of having the machines in University health center hospital was unjustified. The government hospitals like Punjab Institute of cardiology is providing satisfactory services to the employees of various government departments

hence referring private hospitals over esteemed government health care institutions like PIC and Sheikh Zayed Hospital was also unjustified. Only special test cases which were not offered in government hospitals can be referred to private hospitals.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be got condoned from competent authority. Furthermore, the tests should be conducted in future from the concerned government hospitals and only those tests should be referred to private hospitals where facility is refused by government hospitals.

(PDP. No. 30073 of University of Punjab- 2017-18)

10.4.23 Loss to public exchequer due to un-authorized payment of dual benefit of financial assistance- 3.33 million

According to term and conditions of Higher Education Commission, Pakistan for the award of indigenous Ph. D fellowship, an awardee is not to hold any other scholarship/Stipend under the fellowship period of his/her study.

During the audit of Abdus Salam School of Mathematical Sciences Lahore for the year 2016-18, it was noticed that 10 students of Ph.D fellowship were not only awarded Indigenous Fellowship Awards during the period under audit but also paid Stipend/financial assistance from the budget of Abdus Salam School of Mathematical Sciences Lahore for the same purpose. Thus a dual financial benefit for same task was paid in violation of above norm which resulted into loss to public exchequer valuing Rs 3,328,082.

Audit was of the view that weak internal controls on payments resulted in dual payment of financial assistance.

Audit pointed out the irregularity in October 2018. In reply to preliminary observation, the department conveyed detail reply will be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Matter should be looked into and loss caused to public exchequer recovered and deposited into Government exchequer under intimation to audit.

(PDP. No. 29743-Abdus Salam School of Mathematical Sciences Lahore- 2016-18)

**10.4.24 Unjustified advance to arrange multi discipline workshop-
Rs.872,000**

Section 15(i) of Lahore College for Women University Act 2004. The Treasurer shall be a whole time officer of the University appointed by the Chancellor on the recommendation of the Government on such terms and conditions as the Chancellor may determine. The treasurer shall manage the property, the finances and the investments of the University

During audit of the accounts of Lahore College for Women University, Lahore for the year 2016-17, audit observed that an event was arranged by the computer department of the university at PC Hotel Lahore with the collaboration of LUMS Lahore. The event was arranged without obtaining competitive rates. Moreover, event was required to be arranged on 14 to 16 October 2016 at LUMS and LCWU but the event was arranged only on 14.10.2016 at PC Lahore for Rs.872,000. Furthermore, funds were required to be obtained from ICT but the same were not received till the close of audit.

The above lapse occurred due to weak financial and supervisory controls of the university management.

The observation was communicated to the local management in November 2017. In response to the preliminary audit observation, the management replied that the workshop on robotics was arranged by the university from its own sources. ICT has no concern with provision of funds. The reply of the management was not supported with record hence not acceptable.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommended that either irregularity be got condoned with the sanction of chancellor with retrospective effect or get it recovered from the concerned besides action against the responsible.

(PDP. No. 23451-Lahore College for Women University, Lahore, 2016-17)

10.4.25 Irregular payment to chartered accountant firm for TPV of Boards automated system-Rs.515,556

As per Rule 15 (2) under chapter-I of the Board calendar, “it shall be the duty of chairman to ensure that the provision of this act and the regulations and rules and directions of the controlling authority are faithfully observed and carried out”

During the course of audit of BISE, Sargodha, for the year 2016-17, Audit observed that the board management had hired the services of M/s KPMG Taseer Hadi & Co. Chartered Accountants on the direction of Chairman PBCC. Entire process of hiring of services was carried out by the PBCC. After hiring of services of the firm and finalization of TORs, the PBCC directed the Chairman Sargodha Board to enter into an

agreement with the firm on 20.09.2016 and after completion of the task paid him Rs.515,556. A perusal of the report submitted by the firm revealed that Backup and troubleshooting mechanism of the Board automation system needs further improvement. M/s KPMG also declared the database structure of the Board automation system was neither Excellent nor Good but satisfactory. After receiving this type of report the Board management did not make effort to improve the backup and troubleshooting facility/mechanism of the automated system of the Board. Moreover, annexure shown attached with the report were also not found available. Moreover, while making payment to the firm, the management withheld Rs.24550 being PST @ 5% instead of 16% amounting to Rs.82,489. Rs. 57,939 were less withheld. In the above circumstances audit neither verify the accuracy of automated system of the Board nor payment made to the firm as genuine as no record of hiring of services of consultant was shown to audit.

The lapse occurred due to weak supervisory and financial controls of the Board management. The payment made merely to know the weaknesses of the system was not justifiable. Audit could neither verify the accuracy of automated system of the board nor payment made to the firm.

Audit observation was communicated to local management in Oct. 2017. In response to the preliminary audit observation, the management replied that services of the firm were hired by the PBCC and payment was made as per agreement.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to justify expenditure made with the support of record such as appointment of the firm record and efforts be made to improve the automation system.

(PDP. No. 23089 of BISE Sargodha, 2016-17)

10.4.26 Irregular/unauthorized overcharging of second shift fee- Rs. 15.02 million

According to Government of the Punjab, Education Department Notification No. SO (PIII) 9-2/2003 dated 18.08.2003, the proposed structure for the second shift will be Rs. 300 per month in addition to normal fee/funds charged from the day scholars.

During audit of Higher Education Department, it was observed that listed below formations were over charging the students on account of fee. Moreover, classes timings were of the same as morning class etc.

Sr. no.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	Govt. SE College Bahawalpur	2015-18	29405	Irregular excess amount charge from the student of 2nd shift	5,657,949
2	Govt. Ayesha Post Graduate College Ravi Road Lahore	2016-17	24642	Irregular payment of 2nd shift funds and Non deduction of withholding tax-Rs.197,336	1,973,357
3	Govt. APWA college women Lahore	2016-18	28684	Un-authorized over charging of 2nd shift fee	622,200
4	Govt Murray College Sialkot	2017-18	26506	Less collection/deposit of B.S 2nd Shift Fee in bank account/ Non maintenance of Classified Cash book and Demand Fee register of 2nd Shift B.S Program	3,618,290
5	Govt Degree College for Women, Dhok Hassu Rawalpindi	1998-17	25799	Irregular payment on account of 2nd Shift classes	1,080,000

Sr. no.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
6	Government APWA College for Women, Lahore	2016-18	28678	Unauthorized operation of bank account of second shift	2,070,000
Total					15,021,796

Audit was of the view that weak internal and supervisory controls led to unauthorized overcharging of second shift fee.

When pointed out in February to May and July to Nov. 2018. The DDO did not offer any reply.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.5 kept pending for inquiry against the Principal and the staff. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that over charged fee be got regularized besides action against the responsible.

10.4.27 Irregular re-employment and retention of retired employees- Rs. 239.54 million

Government of the Punjab, S & GAD vide letter No. SORI(S&GAD) 10-1/71, dated 5th June, 1982 had decided that in future re-employment of civil servants beyond the age of 60 years should be allowed in very exceptional cases and it should not in any case be allowed beyond the age of 63 years. Government of the Punjab S & GAD vide letter No.SI.2-35/2000, dated 10.04.2008 directed to terminate the services of all the re-employed officers/officials with immediate effect.

During audit of Higher Education Department, it was observed that following formations had re-employed persons on contract basis in the University after their retirement on superannuation and an amount of Rs.239,540,409 as salary was paid to them during the period under audit. Further, most of the employees were beyond the age of 63 years. Their services were hired for six months on contract basis and the contract was renewed after the expiry of every six months period.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1.	The University of Punjab, Lahore	2017-18	29928	Irregular re-employment and retention of retired employees after the age of 63 years	115,579,143
2.	The University of Punjab, Lahore	2016-17	23843	Irregular retention of retired person through Re-employment	42,697,233
3.	UET Lahore	2016-17	23986	Irregular appointment after retirement	35,940,822
4.	Govt. women University Multan	2016-18	29416	Irregular retention of retired person through Re-employment	30,222,399
5.	BISE Multan	2017-18	29347	Irregular re-employment	7,440,250
6.	Kinnaird Women College Lahore	2017-18	26131	Unjustified re-employment of retired persons and payment	3,877,788
7.	The University of Punjab, Lahore	2016-17	23839	Irregular Retention of retired employees after the age of 63 years	2,550,264
8.	The University of Punjab, Lahore	2016-17	23908	Irregular payment of salaries to re-employed officer	843,843
9.	Fatima Jinnah women University Rawalpindi	2017-18	30553	Irregular retention of retired employees after retirement, loss	388,667
10.	GCU Faisalabad	2016-18	28354	Irregular re-employment and retention of retired employees	-
11.	GCU Faisalabad	2016-18	28353	Irregular re-employment and retention of non gazetted employees	-

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
12.	The University of Punjab, Lahore	2017-18	29929	Irregular re-employment and retention of class-iv retired employees	-
Total					239,540,409

Audit was of the view that weak internal controls on appointments resulted into irregular appointments.

When pointed out during February to May and July to November 2018. The management either stated that reply will be given later on or noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommended that the matter be inquired into at administrative level for fixing responsibility, taking remedial measures besides action against the persons held responsible.

10.4.28 Irregular appointment of Resident Auditor

As per Notification of the Auditor General of Pakistan addressed to the Chairman Higher Education Commission vide No. 609/Estt-C/67-2003 dated 23.05.2017 “it was stated that under the statutory provision as envisages in Acts/Ordinances of the respective Universities the post of Resident Auditor is cadre post, which belongs to Audit Department of the Government. It is further mentioned here that Audit Department of the Government always represents the office of the Auditor General of Pakistan established under Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001 and section 8 of which provides Audit Functions relating to audit of all expenditure from the

Consolidated Fund of the Federation and of each Province. No any other authority at a provincial level has been established under the Constitution of Pakistan 1973 who may look after the affairs of Government Audit except Auditor General of Pakistan.

During audit of Higher Education Department, it was observed that in contravention to the above, services of Resident Auditor were hired on deputation basis from Local Fund Audit (Finance Department) of Government of the Punjab.

Sr. No.	Name of formation	Period of audit	PDP No.
1.	The University of Punjab, Lahore	2016-17	23868
2.	BZU Multan	2017-18	26767
3.	LCWU, Lahore	2017-18	28315

Audit was of the view that disregard to the instructions resulting in irregular appointment of Resident Auditor.

When pointed out in February to May and July to November 2018. The DDO at sr. No.1 stated that the Resident Auditor was appointed as per rules and DDO at Sr. No.2 & 3 replied that detailed reply will be given later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that in compliance of the above mentioned instructions resident auditor should be appointed from department of the Auditor General of Pakistan.

10.4.29 Irregular appointments-Rs. 2,211.05 million

Supreme Court of Pakistan in its judgment dated 19.01.1993 in Human Rights Case No. 104 of 1992 stated that recruitments, both *ad hoc* and regular, without publicly and properly advertising the vacancies, is violation of fundamental rights. As such no post could be filled in without proper advertisement, even on *ad hoc* or contract basis.

During audit of Higher Education Department, it was observed that various officers and officials were appointed during the period under audit. The appointments were held irregular on the following grounds;

- Appointments were made without advertisement in print or electronic media.
- Appointments were made without approval of competent authority.
- Antecedents of the newly recruited employees were not got verified from respective institutions.
- Appointments were made without provision of the same in the service statutes.
- Appointments were made without medical reports
- Police verification reports were not found attached with the files.

Audit was of the view that weak internal controls on appointments resulted into irregular appointments. (Annexure-26)

When pointed out during Feb to May and July to Nov. 2018. The management either admitted the facts by giving one reason or the other. Some DDOs' did not respond and some noted the observation for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.73 kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired into at administrative level for fixing responsibility, taking remedial measures besides action against the persons held responsible.

10.4.30 Irregular purchases without approval of austerity committee - Rs. 35.03 million

As per Finance Department's letter No. SO(GOODS)44-4/2016 dated 13.10.2017, there shall be a complete ban on purchase of new and imported vehicles from current and development budgets. Under unavoidable circumstances, vehicle shall be purchased with the prior approval of Austerity Committee and subsequent approval of Chief Minister.

During the audit of Higher Education Department, it was observed that following formation had made purchases without obtaining prior approval of austerity committee.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	GCU Sialkot	2017-18	26793	16,684,000
2	University of Education Lahore	2017-18	26160	11,614,101
3	Punjab Higher Education Commission Lahore	2016-17	24152	2,545,000
4	Punjab Higher Education Commission Lahore	2017-18	29044	2,500,000
5	The University of Punjab, Lahore	2016-17	23899	1,571,399
6	Govt. Degree College Bhagbanpura Lahore	2016-17	25999	121,072
Total				35,035,572

Audit was of the view that weak internal controls on appointments resulted into irregular appointments.

When pointed out in February to May and July to November 2018, the management either admitted the facts by giving one reason or the other. Some DDOs' did not respond and some noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into for non compliance of the Finance Department instructions and get regularized the matter from Finance Department besides strengthening the supervisory internal controls and action against the responsible.

10.4.31 Un-justified payment of share out of income of University- Rs. 11.13 million

Section 15(i) of University of Sargodha Act, 2004 provides that the Treasurer shall manage the property, the finances and the investments of the University. Further, As per Rule 19 of Rule of Business of Government of Punjab amended upto 2011 "No Department shall, without previous consultation with Finance Department, authorize any orders other than orders in pursuance of any general or special delegation made by Finance Department, which directly or indirectly affect the finances of the Province, or which, in particular, involve.

During audit of Higher Education Department, audit observed that an amount to the above extent was paid to staff as share out of university

fund/college 2nd shift fund but approval of the Chancellor/Finance Department was not shown to audit.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	UET Lahore	2016-17	24057	5,855,239
2	University of Sargodha	2017-18	30362	4,261,229
3	University of Sargodha	2017-18	30363	273,561
4	Govt Degree College for (W) Mustafabad, LHR	2013-16	24653	738,997
Total				11,129,026

The lapse occurred due to weak supervisory and financial controls of the university management.

When pointed out in February to May and July to Nov. 2018. The management stated that the detail reply will be submitted after scrutiny of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that department is required to either seek approval of the Chancellor/FD with retrospective effect or effect recovery of the stated amount from the persons held responsible.

10.4.32 Doubtful Disbursement -Rs. 168.76 million

Section 18 (a) of University of the Punjab Act, 1973 states that the Treasurer shall manage the property, the finance and investment of the University.

During audit of Higher Education Department it was observed that an amount to the stated extent was paid to various persons for onward disbursement, but disbursement of the same amount to the concerned was

not shown to audit. In the absence of disbursement record audit could not verify the amounts shown as paid to be genuine.

Sr. No.	Name of formation	Period of audit	PDP No.	Brief description of irregularity	Amount (Rs.)
1.	The University of Punjab, Lahore	2016-17	23836	Doubtful disbursement of pay & allowances	71,067,916
2.	The University of Punjab, Lahore	2016-17	23837	Doubtful disbursement of scholarships	55,308,000
3.	The University of Punjab, Lahore	2016-17	23838	Doubtful disbursement of leave encashment	35,500,880
4.	The University of Punjab, Lahore	2016-17	23904	Doubtful disbursement of electricity charges	6,031,351
5.	BISE, Multan	2017-18	29357	Doubtful disbursement of electricity charges	855,810
Total					168,763,957

The irregularity occurred due to weak supervisory and financial controls.

When pointed out in February to May and July to November 2018, it was replied that record will be shown.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into to arrive at factual position besides taking remedial measures.

10.4.33 Excess expenditure-Rs. 378.30 million

According to Rule 17.15 of Punjab Financial Rules Vol-I, no Government servant may, without previously obtain an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the head concerned and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Higher Education Department, it was observed that an amount to the above extent was incurred in excess of budget allocation under various heads of accounts which was a serious financial irregularity. (Annexure-27)

Audit was of the view that the irregularity occurred due to weak supervisory, financial and internal controls.

When pointed out in February to May and July to November 2018, the management noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the paras at Sr. Nos.2, 9, 11 & 14 kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility be fixed for non-adherence of Government instructions besides regularization of the matter from Finance Department and strengthening of financial and internal control system.

10.4.34 Irregular expenditure out of receipt account-Rs. 51.59 million

Sub-section 2 of the Section 30 of University of Education, Lahore Ordinance 2002 provides that no expenditure shall be made from the University Fund unless a bill for payment has, in prescribed manner, been audited by the Resident Auditor in conformity with the statutes, regulations and rules.

During audit of Higher Education Department, it was observed that an amount to the above extent was directly consumed out of receipt account without making it part of the budget.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	UET Lahore	2016-17	24014	33,896,902
2	University of Education Lahore	2017-18	26191	13,426,244
3	The University of Punjab, Lahore	2016-17	23885	3,879,819
4	University of Education Lahore	2017-18	26184	387,780
Total				51,590,745

Audit was of the view that weak supervisory and financial controls resulted in irregular expenditure.

When pointed out in February to May and July to November 2018, the department stated that detailed reply shall be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter needs to be investigated at an appropriate level, responsibility be fixed and action be taken against persons at fault.

10.4.35 Irregular expenditure out of International Travelling Grant - Rs. 110.98 million

As per terms and conditions of the International Travel Grants, the used air ticket, original boarding pass counterfoil, receipt of registration fee, receipt of payment of accommodation, copy of conference programme, copy of relevant abstract/paper published in book of abstract, copy of air ticket of PIA, copy of passport, exit and entry stamped pages of passport

were to be sent to PHEC for reimbursement claim. The amount was to be paid/adjusted after submission of such papers.

During audit on the accounts of Punjab Higher Education Commission Lahore, it was noticed that an amount of Rs. 110,982,391 was paid to the various teachers/scholars proceeding on international travelling for presenting research paper in conference/seminar/ symposium/ workshop. But the stated record was not shown to audit. In absence of relevant record, the payment cannot be termed as legitimate.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	Punjab Higher Education Commission, Lahore	2017-18	29036	Irregular expenditure out of international travelling grant	101,926,912
2	Punjab Higher Education Commission, Lahore	2016-17	24149	Irregular expenditure out of international travelling grant	9,055,479
Total					110,982,391

The lapse was occurred due to weak supervisory controls of the management.

When pointed out in February, 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that either stated record may be shown or the expenditure so incurred be got regularized from competent authority besides adoption of remedial measures.

10.4.36 207 posts drawn over and above the sanctioned posts and Irregular payment of millions of rupees in Pay & Allowances

As per para 16 of Punjab Civil Servant Act 1974 “a civil servant appointed to a post shall be entitled, in accordance with the rules, to the pay sanctioned for such post”.

During audit of University of Engineering & Technology, Lahore for the period 2016-17, it was observed that 207 posts of Lecturer and Assistant Professors were over drawn than sanctioned posts of the university and these teachers were appointed over & above the sanctioned strength of posts.

Pay & Allowances drawn more than sanctioned posts

Sr. No.	UET Campus	Designation	Sanctioned strength	Filled Posts	Over Drawn than sanctioned posts
1	Main Campus, Lahore	Assistant Professor	149	266	117
2	Main Campus, Lahore	Lecturer	145	192	47
3	Faisalabad, Campus	Lecturer	57	72	15
4	RCET, Gujranwala	Assistant Professor	13	41	28
Total post over drawn			364	571	207

Audit was of the view that non observance of rules weak financial and supervisory controls caused irregular payment of pay & allowances.

The matter was pointed out to the formation during audit in November-2017. The DDO replied that the matter will be got regularized from the chancellor.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that financial impact of the irregularity may be calculated and matter be got regularized from the Chancellor under report to audit.

(PDP No. 23987of UET, Lahore for the year 2016-17)

10.4.37 Expenditure charged to irrelevant object head-Rs. 66.93 million

Paragraph 5 of Finance Department letter no.PS/FS/808/78 dated 26.2.1978, states that the Principal Accounting Officer should issue instructions to the Controlling and Disbursing Officers under him that all payments are correctly classified under the appropriate heads of accounts. Further, Section 15 (4) (i & ii) under the Powers and Duties of Officers of Punjab University Act 1973 provides, the Vice Chancellor shall have the power to sanction all expenditures provided for in the approved budget, and to re-appropriate funds within the same major head of expenditure.

During audit of the Higher Education Department, it was observed that an amount to the above extent was spent by following formations, as out of irrelevant head of accounts.

Sr. No	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	Punjab Higher Education Commission Lahore	2017-18	29035	Unjustified expenditure out of development grant	20,551,833
2	Director Colleges Sargodha	2016-18	26783	Misclassification of expenditure	13,345,000
3	University of Education Lahore	2017-18	26179	Misclassification of expenditure	6,743,334
4	Govt. Post Graduate College women Khanpur RY Khan	2006-18	29391	Misclassification of expenditure	5,175,933
5	BISE Lahore	2016-17	24122	Misclassification of expenditure on transportation	4,893,289
6	Govt. Degree College women Hasan Abdal Attock	2011-18	29734	Misclassification of expenditure	3,509,929

Sr. No	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
7	Punjab Higher Education Commission Lahore	2017-18	29045	Un-authorized payment from incorrect heads of accounts	3,400,433
8	Govt. degree college women Mumtazabad Multan	2015-18	29380	Misclassification of expenditure	3,285,000
9	Govt Degree College for Women, Islampura Lahore,	2014-17	25822	Misclassification	2,150,000
10	The University of Punjab, Lahore	2016-17	23889	Misclassification of expenditure	1,759,000
11	Govt. Degree College Women Dhok Hassu Rawalpindi	1998-17	25803	Un-authorized payment due to purchase of goods from incorrect head of accounts-Rs.862813 non deduction of PST-Rs.45872 Less deduction of income tax	862,813
12	Govt. Abdus Salam School of mathematical Sciences Lahore	2016-18	29747	Un-authorized payment due to purchase of goods from incorrect head of accounts	805,920
13	Govt. Degree College boys Shalimar Town China Scheme Lahore	2016-17	23417	Unjustified/irregular drawal of amount for payment of security guard company out of house exam funds	265,187
14	BISE Gujranwala	2017-18	27509	Misclassification of expenditure	181,495
Total					66,929,166

The irregularity occurred due to weak supervisory and financial controls.

When pointed out in February to May and July to November 2018, most of the DDOs' either noted the observation for compliance or did not respond.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.11 kept pending

for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter being serious in nature be looked into for taking remedial measures besides action against the person held responsible.

10.4.38 Unauthorized mode of payments -Rs. 34.40 million

According to Rule 4.49(a) of Subsidiary Treasury Rules, read with the Finance Department letter No.FD(FR)V-6/75(P) dated 20.06.2007, payment exceeding Rs.100,000 shall be made through cheque instead of cash.

During audit of the Higher Education Department, it was observed that an amount to the above extent was paid to the concerned in cash instead through cheques, pay orders, bank draft etc. by various DDOs' irregularly.

Sr. No	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Govt. Pir Bahar Shah Degree College S/Pura	2013-18	27374	10,582,066
2	Govt. Post Graduate College women Sargodha	2015-18	28267	6,646,040
3	Govt. degree college women Mustafabad LHR	2013-16	24657	4,925,327
4	DPI Colleges Lahore	2015-17	23408	3,187,482
5	The University of Punjab, Lahore	2016-17	23823	2,855,394
6	Govt. college women Bund Road Lahore	2014-17	24144	2,308,335
7	Govt. Jinnah Islamia College Sialkot	2014-18	26476	1,658,015
8	Govt. Institute of Comm. Baghbanpura Lahore	2015-17	26044	1,413,350
9	Secretary, HED Lahore	2017-18	27493	298,693
10	Govt. college of comm. Gujrat	2012-18	30433	350,206
11	Govt. Institute of comm. Women B/Nagar	2012-18	29025	171,156
Total				34,396,064

The lapse was a clear violation of Govt. and institutional Rules.

When pointed out in February to May and July to November 2018, the DDOs' noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be got condoned with the sanction of Finance Department.

10.4.39 Non framing of Rules & Regulations

As per para 15 of the Punjab Kinnaird College for women, Lahore ordinance 2002, the Board may, by notification, make regulations not inconsistent with the provision of the ordinance or rules made there under for the administration and management of the affairs of the college. Further, Chancellor/Governor of the Government of the Punjab, has constituted the Board of Governors of Al-Khawarizmi Institute of Computer Sciences vide Government of the Punjab Education Department letter no. SO(CE-III)3-8/96 dated 07.05.2002 for general supervision and control of administrative, academic, research and financial affairs of the institute. The board shall have the power to approve rules and regulations for the efficient and effective operations of the institute on recommendations of technical committee.

During audit of the Higher Education Department, it was noticed that the management had failed to frame Rules and Regulation to run the institutional business in well mannered way.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity
1	Kinnaird Women College Lahore	2017-18	26138	Non framing of rules & regulations of the college
2	UET Lahore	2016-17	24054	Non framing of functions, powers of Board and rules & Regulations

Non framing of Rules & Regulations was due to negligence at the part of management.

When pointed out in February to May and July to November 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter being serious in nature be looked into for taking remedial measures and action against the responsible be taken for non-framing Rules & Regulations since long. It is also recommended that rules and regulations be framed on priority basis.

10.4.40 Irregular payment of pending liability-Rs. 20.01 million

Rule 17.18 of PFR Vol-I provides that under no circumstances may charges incurred be allowed to stand over to be paid from the grant of another year. Further, Section 16 (a) of UET Act, 1974 states that the treasurer shall manage the property, the finance and investment of the University.

During audit of Higher Education Department, it was observed that an amount to the above extent was paid to clear the pending liabilities of previous years but in support thereof neither liability register was maintained nor was provision of the same kept in the budget. Hence, expenditure stood irregular.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	UET Lahore	2016-17	24044	Irregular payment of pending liabilities	9,448,940
2	Information Technology University of the Punjab, Lahore	2016-17	25698	Pending Liabilities pertaining to the year 2015-16 on account of publication and security services	8,241,326

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
3	The University of Punjab, Lahore	2017-18	30045	Irregular payment of pending liability	1,102,744
4	Govt Post Graduate College for boys Model Town Lahore	2016-17	26037	Payment of utilities of 2015	516,272
5	UET Taxila	2017-18	26836	Payment of pending liabilities	416,626
6	Govt. women University Multan	2016-18	29434	Irregular payment of pending liability	288,492
Total					20,014,400

The lapse occurred due to weak financial controls of the management.

When pointed out in February to May and July to November 2018, the DDOs' admitted the facts by giving one reason or the other which were not acceptable to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregular expenditure may be got regularized from competent authority.

10.4.41 Irregular investment/placement of funds-Rs. 24,608.13 million

As per Finance Department letter No.FD (W&M)1-1/70 (DC) dated December 01, 2012 and No. FD (W&M)1-1/01 (Vol-XI) dated December 24, 2013 read with Higher Education Department letter No. SO (Univ) Misc-12/2013 dated 21.10.2013, funds/accounts of Public Sector Universities are to be placed with the Bank of Punjab. Further, as per

Finance Department letter No. FD(W&M)1-1/70 (VOL-XI) dated 20.11.2013, immediate steps were to be taken to retrieve amounts from the commercial banks for placing them in the Bank of Punjab”.

During audit of the Higher Education Department, it was observed that certain formations had made investment or placed their funds amounting to the above extent (Annexure-28) in various banks. Investment made and placement of funds was held irregular on the following grounds:

1. Competitive interest rates from at-least three banks were not obtained.
2. Prior approval of Finance department/syndicate/senate was not sought before placing or investment of funds in banks other than Bank of Punjab.
3. Investment was made at lower interest rate by ignoring high rates.
4. Interest/principal invested amount was late credited by the banks.
5. In some cases surplus funds were not invested or late invested.

Audit was of the view that lapse occurred due to weak financial and supervisory controls.

When pointed out in February to May and July to November 2018, most of the DDOs' either noted the observation for compliance or stated that detailed reply will be given later on.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.45 kept pending

for advice from Finance Department regarding transfer of amount to the Bank of Punjab. The para at Sr. No.46 was kept pending for probe by the Administrative Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be looked into for taking remedial measures and action against the responsible besides making good the loss.

10.4.42 Irregular opening of current account instead of PLS account- Rs. 1,260.33 million

Section 16 (a) of UET Act, 1974 states that the treasurer shall manage the property, the finance and investment of the University. Rule 4.1 of PFR volume-I provides that the departmental controlling officers should accordingly see that all sums due to government are regularly received and checked against demands, and that they are paid into the treasury and Rule 2.33 of PFR Vol-I states that every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of the Higher Education Department, it was observed that following formations placed their funds amounting to the above extent in current account instead of PLS Accounts which resulted in loss to the Government as no profit was earned.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1.	UET Lahore,	2016-17	23993	opening of current account instead of PLS saving account	1,126,080,000
2.	UET Lahore,	2017-18	28735	opening of current account instead of PLS saving account	72,100,000

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
3.	University of the Punjab Lahore	2017-18	30010	Placement of funds in current account instead of PLS account	25,632,903
4.	University of the Punjab Lahore	2017-18	30028	Placement of funds in current account instead of PLS account	23,770,359
5.	UET Lahore	2016-17	24031	Loss of Rs.6,645,546 on account of profit due to opening of current account instead of PLS saving account	6,645,546
6.	UET Lahore	2016-17	24013	Loss of Rs.2950309 on account of profit due to opening of current account instead of PLS saving account	2,950,309
7.	UET Lahore,	2016-17	24051	Non transfer of funds from old FC bank account to new FC bank account	2,648,303
8.	Govt Murrey College, Sialkot	2017-18	26509	Placement of funds in current account instead of PLS account	272,384
9.	UET Lahore	2016-17	24023	Opening of current account instead of PLS saving account	226,790
Total					1,260,326,594

The lapse was occurred due to weak financial controls of the management.

When pointed out in February to May and July to November 2018, the management replied that PLS account will be opened soon.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be look into for fixing responsibility of loss, make good the loss and besides action against the responsible.

10.4.43 Irregular expenditure on advertisement through private agencies-Rs. 6.61 million

As per para 2 of the revised advertisement policy circulated by Govt. of the Punjab Information, Culture and Youth affairs Department vide No. SO (P&C)(INF)-V-5/71 dated 20.10.2003, it was clarified that Information Culture Department will only authorized to select and appoint the advertisement agency for display and advertisement. No department and autonomous body will be authorized to appoint any advertising agency and all the advertisements will be got published through DGPR. Hence the expenditure was held irregular

During audit of the Higher Education Department, it was observed that expenditure to the tune of above was incurred on advertisement in newspapers through private agency instead of office of the Director General Public Relations.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	University of Gujrat	2016-18	28788	Irregular expenditure on advertisement-Rs.6095506 and un-justified payment of commission	6,095,506
2	Kinnaird Women College Lahore	2017-18	26136	Irregular advertisement through private agencies	398,382
3	Govt. College women Faisalabad	2016-18	29558	Irregular expenditure on account of advertisement	119,695
Total					6,613,583

Audit was of the view that lapse occurred due to weak financial controls of the management.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be got regularized besides action against the responsible.

10.4.44 Irregular expenditure on procurements-Rs. 2,975.37 million

Rule 8 of PPRA Rules 2014 states that procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future. Further, Rule 12(1) of PPRA Rules, 2014 stated that Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA's from time to time. Moreover, Rule 15.2 (b) (iii) of PFR vol-I states that the purchase order should not be split up so and avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

During audit of the Higher Education Department, it was observed that an amount to the tune (Annexure-29) was incurred on procurement of various items by various formations during the period under audit. Procurement process was held irregular on the following grounds.

- Annual procurement plan was not prepared in violation of PPRA rule.
- Tenders were not floated on PPRA website.
- Lowest bids were ignored.
- Sub-standard goods were purchased.
- The expenditure was incurred by splitting up the indents to avoid open competitive bidding/tender in violation of PPRA rules.
- Purchase committees were not found constituted to regulate the purchases.
- Inspection reports of the committees were not found on record.
- Goods were purchased from non sales tax registered firms.
- Extension in time for provision of goods was generously awarded without solid grounds.

The irregularity occurred due to weak supervisory and financial controls.

When pointed out from February to May and July to November 2018, most of the managements noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the paras at Sr. Nos.126, 199 & 200 kept pending for regularization from Finance Department. The paras at Sr. Nos. 185 & 213 were kept pending for probe. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be looked into for fixing responsibilities taking remedial measures besides action against the responsible.

10.4.45 Irregular purchases excess than provision of allocated fund- Rs. 6.52 million

As per Annexure-C-3 of PC-I of the project “Capacity Building and Up-gradation of Selected Departments”, some specific provisions for the purchase of various items were given.

During audit of the Higher Education Department, it was observed that an amount to the above extent was over drawn in violation of approved funds allocation and provision of PC-I which resulted in excess drawl without approval of the revised estimate and sanction of the competent authority i.e. HEC.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	DPI Colleges Lahore	2015-17	23406	Expenditure over and above the provision of PC-I	3,473,470
2	University of Punjab, Lahore	2016-17	23882	Irregular purchase of communication lab equipments excess than to the provision of allocated funds	1,214,563
3	University of Punjab, Lahore	2016-17	23879	Irregular purchase of executive mattle chair without provision in HEC project	1,063,800
4	DPI Colleges Lahore	2015-17	23405	Un-authorized purchase of items over and above the provision of PC-I	769,860
Total					6,521,693

The irregularity occurred due to weak supervisory and financial controls.

When pointed out in February to May and July to November 2018, it was stated that detail reply will be given later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into for taking remedial measures besides action against the responsible.

10.4.46 Irregular receipt and payment of rent of Building-Rs. 5.81 million

As per Rule 15 (2) under chapter-I of the Board calendar, “it shall be the duty of chairman to ensure that the provision of this act and the regulations and rules and directions of the controlling authority are faithfully observed and carried out” moreover, As per note under Rule 5, Delegation of Financial Power Rules 2006 the officer in category-1 is competent to incur expenditure on rent of office building, subject to the condition that the rent does not exceed the rent assessed by the Excise and Taxation Department, the rent is made on the basis of property tax, the Administrative department shall give rent reasonability certificate (iii) the rent is made on the basis of property tax.

During audit of the Higher Education Department, it was observed that management of BISE, Sargodha had fixed rent of the building leased out to UBL without observing prevailing rules. Further, the rent of building was less collected. Similarly, management of Govt. Institute of commerce, Baghbanpura, Lahore & Government College for Women University, Faisalabad did not obtain rent reasonability certificate from Administrative Department. In such circumstances, audit could not verify the rent as genuine.

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	BISE Sargodha	2016-17	23092	Un-authorized fixing of rent of bank building	1,104,560

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
2.	Govt. Institute of Commerce Baghbanpura Lahore	2015-17	26045	Payment of rent of building without obtaining reasonability certificate from administrative department	1,514,100
3.	Govt College for Women University, Faisalabad	2016-18	29559	Irregular expenditure on account of rent of Post Graduate Hostel	1,510,000
4.	BISE, Sargodha	2017-18	28711	Less receipt of rent of building	1,680,000
Total					5,808,660

The lapse occurred due to poor financial controls of the management.

Due to the above lapse the Board had to sustain loss and Commerce College had to pay excessive rent.

When pointed out in February to May and July to November 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into for fixing responsibility, taking remedial measures besides action against the responsible.

10.4.47 Poor Human Resource Management-Rs. 14.45 million

As per Finance Department letter No. FD/SRIV-8-1/76 (Prov), dated.20.03.1988 Government of the Punjab, Finance Department regarding shifting of headquarters.

During audit of the Higher Education Department, it was observed that various employees were found working at other places for more than 6 months but drawing salaries from their respective offices since long without orders of the competent authority. The details are as under:

Sr. No	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	BISE Lahore	2016-17	24120	Un-authorized shifting of head quarters	7,092,709
2	Govt. College of Comm. Allama Iqbal Town Lahore	2016-17	26035	Irregular payment due to shifting of HQ	3,045,478
3	Govt. college of comm. Wazirabad	2012-18	29006	Irregular expenditure on pay & allowances of employees due to shifting of HQ	1,792,860
4	Govt. Degree college boys Raiwind Lahore	2015-17	25685	Irregular expenditure on pay & allowances of employees due to shifting of HQ	1,179,456
5	Govt. college women Bund Road Lahore	2014-17	24146	Irregular payment of salary due to shifting of Head quarter	717,072
6	Govt. Islamia College Railway Road Lahore	2016-17	24166	Irregular shifting of HQ	618,540
7	Govt. Degree College Women Dunyapur Lodhran	2014-18	27526	Irregular shifting of Head Quarter	-
8	Govt. College of Comm. Women Gujrat	1993-18	29030	Irregular shifting of Head Quarter	-
Total					14,446,115

Audit was of the view that due to no adherence to rule and regulations the lapse occurred.

When pointed out in February to May and July to November 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.6 kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that irregularity may be got condoned with the sanction of the Finance Department and fix responsibility against the defaulters besides strengthen the internal controls.

10.4.48 Irregular transactions made without approval of Finance Department-Rs. 21.91 million

As per Rule 2.10 (b) (5) of PFR Vol-I, that no money is withdrawn from the treasury unless it is required for immediate disbursement. Moreover, there must be an act of financial sanction of competent authority before making payment out of government revenue as required under rule vide rule 17.2 (1) of PFR Vol-I. As per Rules of Business, 1974, vide para no. 19, no Department shall, without previous consultation with the Finance Department, authorize any orders, other than orders in pursuance of any general or special delegation made by the Finance Department, which directly or indirectly affect the finance of the Province, or which in particular involve, the levy of taxes, duties, fees .

During audit of the Higher Education Department, it was observed following formation had made transactions without prior approval of Finance Department. In the absence of Finance Department prior approval all transactions made were stood irregular.

The details are as under:-

Sr. No.	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	Govt. Murray College Sialkot	2017-18	26507	Irregular/un-authorized launching of BS programme 2nd shift and fee structure without approval of Finance Department. Fund balance	15,999,000
2	Punjab Higher Education Commission Lahore	2017-18	29040	Irregular 80% advance payment on domestic training	4,723,200
3	Govt. MAO College Lahore	2016-17	26013	Irregular drawal of pay & allowance against up-graded post without approval of FD-Rs.757817	757,817
4	Govt. Murray College Sialkot	2017-18	26510	Distribution of share money to staff without approval of Finance Department-Rs.433800	433,800
Total					21,913,817

The lapse was occurred due to weak financial controls of the management.

When pointed out in February to May and July to November 2018, the management did not respond.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be looked into and advance drawl be got regularized from the competent authority, besides action against the responsible.

10.4.49 Unauthorized use of vehicles and non maintenance of log books - Rs. 24.64 million

According to rule 10 of the West Pakistan Government Staff Vehicles, Use and Maintenance Rules 1969, Head of the Department shall specify the officers or categories of officers, shall normally be entitled for the use of Government vehicles. Further West Pakistan Government Staff Vehicles Rules 1969 also describe the maintenance of history sheet and logbooks.

During audit of the Higher Education Department, it was noticed that expenditure was incurred on POL amounting to Rs. 24,640,79 but either the vehicles were misused or log books were not maintained/produced to audit. Hence expenditure was stood irregular.

Sr. No	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
1	University of Punjab, Lahore	2016-17	23830	Un-justified drawl of POL in departments where no Vehicles was available	20,784,000
2	Govt Ayesha Post Graduate College, Ravi Road, Lahore	2016-17	24649	Log book not prepared/produced	901,000
3	LCWU, Lahore	2016-17	23453	excess use of POL than fixed average mileage consumption	695,150
4	Secretary Higher Education Department, Lahore	2017-18	27494	Log books not prepared/produced	550,411
5	Govt. Degree College Women Baghbanpura Lahore	2016-17	25998	Misuse of Govt. vehicle and irregular repair-Rs.507907	507,907
6	BZU Multan	2017-18	26761	Un-authorized use of project vehicle, drawal of POL-Rs.330462	330,462
7	Queen Mary College (W), LHR	2017-18	30177	Improper maintenance of logbooks	306,142
8	Govt College for Women University, Faisalabad	2016-18	29557	Irregular/Fake drawl of Lubricants due to non-entering into log books	243,357

Sr. No	Name of formation	Period of audit	PDP No.	Description of irregularity	Amount (Rs.)
9	University of Education, Lahore	2017-18	26192	Irregular/un-authorized consumption of POL over and above prescribed limit	217,050
10	Queen Marry College/School, Lahore	2017-18	30175	Improper maintenance of logbooks	105,312
Total					24,640,791

Audit is of the view that weak internal and supervisory controls led to unauthorized use of vehicle.

When pointed out in February to May and July to November 2018, the DDOs' did not offer any written reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be looked into for fixing responsibility and taking remedial measures besides action against the responsible.

Performance

10.4.50 Poor academic performance

As per Rule 2.10(a)(1) of PFR 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 the expenditure of his own money.

The scrutiny of the record of the Government Dyal Singh College, Lahore for the period 2016-17 revealed that the Government had spent an amount of Rs.134,519,707 for imparting education to 899 enrolled students but only 191 students got through their examination. The overall

average expenditure per student per year came to Rs.704,292 which was very high and un-justified. It shows that the standard of education provided to the students by the highly qualified teaching staff appointed by the government was very poor. A birds eye view of the students enrolled, appeared, passed with expenditure incurred on them is as under:-

S.No	Faculty	Enrolment	Sendup	Dropout	Passed
1.	PRE-MEDICAL	44	23	21	9
2.	PRE-ENGINEERANG	91	61	30	32
3.	I.com	106	90	16	43
4.	F.A	104	61	43	23
5.	I.CS	120	76	44	25
6.	B.SC	118	62	56	20
7.	B.A	82	23	59	10
8.	B.COM	194	126	68	21
9.	MSC.MATH	20	11	9	4
10.	M.A.ENGLISH	17	4	13	2
11.	M.A POL.SC,	3	3	0	2
Total		899	540	359	191

Sr. No.	Particulars of expenditure	Amount (Rs.)
1	Out of Government sources	130,373,762
2	Out of funds collected through fee from students	4,145,945
Total		134,519,707
Average expenditure per student per year (134,519,707/191)		704,292

Audit was of the view that the lapse occurred due to weak administrative controls.

Audit pointed out the lapse to the formation during audit in May 2018. The management replied that college caters for the educational needs of low income groups of society and the students have problems on account of substandard schooling. The college enrolls students with very low marks and the staff tries its best to give better results, in many cases successfully. There is, therefore no lack of efforts on part of the college.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para was kept pending for probe. Further progress was not reported by the department till the finalization of this report.

Audit recommends that unjustified expenditure against low result may be justified besides taking appropriate measures to improve result under report to audit.

(PDP No.25834-Govt.Dyal Singh College,Lahore-2016-17)

10.4.51 Non utilization of college funds- Rs. 2,283.50 million

As per government instructions contained in Para 2 (iii) of notification No SO (A-I)1-47/2010 dated 29.11.2010, of Higher Education Department, the College council shall have supervisory/advisory role to prioritize the needs and assess the requirements for effective and useful funds utilization out of Students funds. Moreover, students Fund is required to be utilized for maintenance/up gradation of college environment. Government has also decided that proper use of the funds should be ensured. All out efforts should be made to provide corresponding facilities in each institution against the funds. No collection should be raised against these funds whereas such facilities are not provided. Further, as per relevant Act of the universities, the syndicate being executive body shall have powers, to hold, control and administer the property and funds of the university. Moreover, Treasurer shall ensure that the funds placed at the disposal of the university are expended on the purposes specifically for which they are provided.

During audit of the accounts of Higher Education Department, it was observed that balances of Rs. 2,283,501,699 (Annexure-30) in different student funds were lying unutilized since long and blocked as no

expenditure had been made from these funds for the purpose for which the funds were collected.

Audit held that the stated amount of student funds should have been utilized by making these part of budget to ease the burden on government grants or in case no facilities were to be provided then the students should not have been burdened.

The matter was pointed out to concerned formations from February to May 2018 & July to November 2018. All the formations noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.11 kept pending for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter may be looked into and funds utilized for the intended purposes.

10.4.52 Non-disbursement of scholarships to Ph.D scholars-Rs.47.35 million

As per Rule 2.10 (5) (b) 1 of PFR Vol-I, that no money is withdrawn from the treasury unless it is required for immediate disbursement or has already, been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

During audit of the Punjab Higher Education Commission, Lahore, it was observed that an amount to the above stated extent was drawn by

the management and was lying unutilized/undisbursed placed in Bank of Punjab on account of Scholarship for the Ph.D Scholars.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Punjab Higher Education commission, Lahore	2016-17	24153	14,987,848
2	Punjab Higher Education commission, Lahore	2017-18	29041	19,614,028
3	University of Engineering & Technology, LHR	2016-17	24002	12,256,354
4	University of Engineering & Technology, LHR	2016-17	24003	494,087
Total				47,352,317

The lapse occurred due to weak financial and internal controls and indicated the amount was not needed for immediate disbursement.

The matter was pointed out to concerned formation in Feb to May and July to Nov. 2018. The formations noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may please be looked into and funds should be utilized for Ph.D scholars immediately besides matter be got regularized from competent authority.

10.4.53 Drawl of salaries without performing any work-Rs.12.60 million

Rule 2.10 (a) (1) of PFR Vol-I states the fundamental canons of financial propriety that same vigilance should be exercised in respect of expenditure incurred from government revenues, as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

Scrutiny of the record of Board of Intermediate & Secondary Education, Lahore for the financial year, 2016-17 revealed that a full fledged Research Cell was working in the BISE, Lahore and had an

amount of Rs.12,601,097 paid as salary to the staff but no detail of any research work had been produced to audit.

The non-production of the details of research work performed indicated that the research cell was working without any KPIs and defeated the very purpose of establishing the research cell in view of the “Canons of financial propriety”.

The irregularity was pointed out in November 2017. The management replied that research branch of Board of Intermediate & secondary Education, Lahore was performing all duties/responsibilities and particularly initiatives of Chief Minister, Punjab on regular basis. The reply was not tenable as the same was not supported with documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter may be inquired at Administrative Department level to fix responsibility against those at fault besides regularization of the amount spent on the pay and allowances on the staff under report to audit.

(PDP No- 24117of BISE, Lahore for the year, 2016-17)

10.4.54 Non registration of ORIC in university since long with HEC

According to Higher Education Commission Islamabad letter No. 20/1-1/ORIC/R&D/HEC/2010/17 dated 15.04.2011, the Office of Research, Innovation and Commercialization (ORIC) in all public sector universities were required to be established on the basis of minimum criteria of ORIC establishment as detail below:

- a) Human Resources
- b) Physical Infrastructure
- c) Available facilities

During audit of Government College for Women University, Faisalabad (GCWUF) for the financial year 2016-18, it was observed that the Office of Research, Innovation and Commercialization (ORIC) was a central office of the University to manage the research programs and linking the University with industry and civil society. The ORIC also manages University rankings and diversified research grants together with promotion in faculty interactions for multi-disciplinary research and bringing research to public benefit. It had been noticed that HEC demanded documents and information vide letter No.20/5(120)/ORIC/GCWUT/2011 dated 28.03.2018 but no further progress was shown regarding registration with Higher Education Commission.

Audit was of the view the above lapse occurred due to weak supervisory controls of the management.

The matter was pointed out to the formation during audit in August-2018. The DDO replied that the registration is already under process and pending due to appointment of required staff. The recruitment is under process.

Audit pointed out the matter in September 2018. The management replied that employees have submitted their HEC attested degrees.

Audit requires that serious efforts be made to get the ORIC registered with HEC. Responsibility be fixed after detailed investigation about the delay of non-completing the process since 15.04.2011 as required by HEC.

(PDP No. 29560 GCWU, Faisalabad for year 2016-18)

10.4.55 Unjustified expenditure on establishment of computer section-Rs.73.82 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

Scrutiny of the record of Board of Intermediate & Secondary Education, Lahore for the financial year 2016-17 revealed that an amount of Rs. 73,819,553 was spent on the Computer Section of the BISE, Lahore whereas no check/restriction was imposed in the system so that privacy of the data of the candidates may not be accessible for any other person as evident from the rechecking form available at the website of BISE Lahore.

1. Approved Key Performance Indicators (KPIs) were not produced to audit to ascertain either the employees were performing their duties accordingly or otherwise.
2. No clear cut work distribution was made among the staff of Computer Section.

The lapse occurred due to weak administrative controls.

The irregularity was pointed out to the formation during November 2017. The management replied that the Computer Section, BISE, Lahore published the results/reports in printed format as well as online website. The reply was not tenable as the said record was demanded twice in writing and several verbal requests but the same was not produced till the closing date of audit.

The matter may be looked into at appropriate level to fix responsibility against those at fault besides production of record.

(PDP. No. 24112 of BISE Lahore, 2016-17)

10.4.56 Non-opening of LCs for purchase of equipment-Rs. 6.73 million

Section 16 (a) of UET Act, 1974 states that the treasurer shall manage the property, the finance and investment of the University. Rule 4.7(i) of PFR Vol-I provides that the departmental controlling officers should see that all sums due to government are regularly received and checked against demands, and that they are paid into the treasury and Rule 2.33 of PFR Vol-I states that every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During the course of audit of the University of Engineering & Technology, Lahore for the period 2017-18, it was observed that tendering process was completed for purchase of equipments through LCs for the development project Innovation Park at UET Sub-Campus Narowal valuing Rs.6,733,793 but the LCs had not so far been opened. Due to non-opening of LCs the utilization of funds provided by HEC could not be made and the project remained incomplete.

Audit was of the view that weak internal controls on purchases resulted in irregularity.

Audit pointed out the matter in August 2018. The management replied that the list of equipment is being sent to HEC for approval of the Steering Committee. After the approval of the committee, LC will be opened.

Audit recommends that process of opening LCs may be completed at the earliest under intimation to audit.

(PDP. No. 28772 - UET Lahore, 2017-18)

Internal Control Weaknesses

10.4.57 Undue retention of government funds-Rs.98.55 million

According to Rule 7(1) section 5 of Punjab Treasury Rules, money received by or tendered to government servant shall not be appropriated to meet departmental expenditure nor otherwise kept apart from consolidated fund. Moneys so received shall without undue delay be paid into the treasury.

During audit of Higher Education Department, it was observed that formations collected an amount to above extent on account of government/institutional receipt but the same was not deposited into government/university receipt account despite the lapse of considerable time. The action of management was against the rules. (Annexure-31)

Audit was of the view that lapse occurred due to weak supervisory and internal controls on receipt.

The matter was pointed out in August & November 2017 and February to November 2018. Most of the formations noted the observations for compliance. Some did not offer any reply. The replies offered by some formations were not tenable being evasive.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.18 kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls on receipts besides deposit of funds into government account.

10.4.58 Unauthorized charging of college funds at higher rates and without approval-Rs.14.87 million

Government of the Punjab, Higher Education Department notified revised rates of different college funds vide Notification No. SO (CA) 1-44/2016 dated 16.05.2018.

During audit of Higher Education Department, it was observed that various funds were either overcharged or were charged without any provision/approval. The details are as under:

Sr. No.	Name of Formation	PDP No.	Period of audit	Description of irregularity	Amount (Rs.)
1	Govt. Post Graduate College (W), Raiwind, Lahore	27505	2015-17	Charging of college funds from students at higher rates	4,246,780
2	Govt. Ayesha Post Graduate College, Ravi Road, Lahore	24648	2016-17	Charging of college funds from students at higher/lower rates	2,813,780
3	Govt. Degree College (W), Mumtazabad, Multan	29382	2015-18	Charging of college fund without approval from government	1,548,200
4	Govt. Degree College (W), Baghbanpura, Lahore	25997	2016-17	Charging of college fund without approval from government	993,598
5	Govt. Islamia College, Railway Road, Lahore	24165	2016-17	Charging of college funds from students at higher rates	787,950
6	Govt. Post Graduate College (W), Raiwind, Lahore	27504	2015-17	Charging of college funds from students at higher/lower rates	350,145
7	Govt. Post Graduate College (W), Raiwind, Lahore	27500	2015-17	Unauthorized collection of transport fund due to non-utilization	314,693
8	Govt. Post Graduate College (W), Raiwind, Lahore	27753	2015-17	Charging of fine without approval from government	309,677

Sr. No.	Name of Formation	PDP No.	Period of audit	Description of irregularity	Amount (Rs.)
9	Govt. APWA College (W), Lahore	28691	2016-18	Charging of college funds from students at higher rates	163,460
10	Govt. Islamia College of Commerce, Lahore	25948	2014-17	Charging of college funds without approval from government	3,346,757
Total					14,875,040

Audit as of the view that weak internal and supervisory controls led to unauthorized/irregular charging and overcharging of college funds.

The matter was pointed out in February, May & October 2018. The managements at Sr. Nos. 1, 6, 7 & 8 did not offer any cogent replies. The managements at Sr. Nos. 5 & 9 did not offer any reply. The management at Sr. No. 2 replied that reply will be submitted after scrutiny of record. The managements at Sr. Nos. 3, 4 & 10 noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No. 5 kept pending for production of revised rates. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends probing the matter to fix responsibility for overcharging and collection of funds without approval besides refunding the actual overcharged amount to concerned students.

10.4.59 Non-surrendering of savings-Rs.263.54 million

The Heads of departments should submit to the Finance Department the first Statement of Excesses & Surrenders by 1st January and the second Statement of Excesses and Surrenders by 31st March according to para 14.3 of Punjab Budget Manual.

During audit of Higher Education Department, it was observed that some formations neither expended the appropriations under some object heads nor surrendered the funds within the stipulated time. The details are as under:

Sr. No.	Name of Formation	Period of audit	PDP No.	Amount (Rs.)
1	Govt. College of Commerce, Gujrat	2012-18	30434	99,705,185
2	Secretary Higher Education Department, Lahore	2017-18	27487	41,828,406
3	Govt. Degree College, Lodhran	2008-18	29757	36,359,388
4	Govt. College for Women, Faisalabad	2016-18	29554	27,370,196
5	Govt. Degree College for Women, Islampura, Lahore	2014-17	25820	13,981,666
6	Govt. Degree College for Women, China scheme, Lahore	2013-17	23415	11,766,575
7	Director Public Instruction Colleges, Lahore	2015-17	23409	3,563,171
8	Director Public Instruction Colleges, Lahore	2015-17	23411	2,314,824
9	University of the Punjab	2016-17	23884	1,999,249
10	Govt. College for Women, Faisalabad	2016-18	29555	340,267
11	Govt. College of Commerce, Gujrat	2012-18	30418	21,385,389
12	Punjab Higher Education Commission, Lahore	2017-18	29039	2,930,366
Total				263,544,682

Audit was of the view that weak internal controls on “Appropriations” resulted in lapse of funds. Had these funds been surrendered in time, these could have been used for some useful purposes.

The matter was pointed out to concerned formations in August 2017 and August & October 2018. The formations at Sr. Nos. 1, 3, 6, 11 & 12 noted the observations for compliance. The formation at Sr. No.2 replied that BISE, Lahore is asked to provide vouched account or refund the balance amount. The formation at Sr. No. 4 replied that less expenditure under the development grant was on line in SAP system on

30.06.2017. The formation at Sr. No. 5 did not offer any reply. The formation at Sr. Nos. 7 & 8 replied that detailed reply will be submitted after scrutiny of record. The formation at Sr. No. 9 replied that amount was released to the university in January 2017 and some cheques remained uncashed. The formation at Sr. No. 10 replied that less expenditure in regular allowances is due to different reasons. The replies were not tenable being evasive and not supplemented with documentary evidences.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

The audit recommends to probe the matter for fixing responsibility against the person who did not surrender saving the besides strengthening of supervisory, management and financial controls on budget.

10.4.60 Irregular drawal of pay through manual bill-Rs.2,047.31 million

As per Finance Department's letter No. SO. (TT)2-2/72-Pt-I dated 19.07.2008 monthly salary of all government employees may strictly be disbursed through their bank accounts alone; failing which the salary of defaulting employees may be stopped.

During audit of Higher Education Department, it was observed that some formations drew amount of Rs.2,047,311,555 on account of pay and allowances through manual bills instead of computerized payroll in violation of above government instructions. The details are as under:

Sr. No.	Name of Formation	Period of audit	PDP No.	Amount (Rs.)
1.	UET, Lahore	2016-17	23985	1,024,384,000
2.	UET, Taxila	2017-18	26835	776,726,000

Sr. No.	Name of Formation	Period of audit	PDP No.	Amount (Rs.)
3.	Queen Marry College/School, Lahore	2017-18	30165	187,426,073
4.	University of Gujrat	2016-18	28806	30,000,000
5.	Govt. S.E. College, Bahawalpur	2015-18	29396	18,989,960
6.	Queen Marry College/School, Lahore	2017-18	30162	8,172,620
7.	Govt. College Women, Bilal Gunj, Lahore	2015-18	29716	1,612,902
8.	UET, Lahore	2017-18	28744	0
Total				2,047,311,555

Audit was of the view that lapse was occurred due to weak supervisory, management and financial controls.

The matter was pointed out to concerned formations in November 2017 and August to October 2018. The formations at Sr. Nos. 1, 2 & 8 stated that computerization is in process. The formations at Sr. Nos.3 & 6 stated that detailed reply would be submitted after scrutiny of record. The formations at Sr. Nos. 4, 5 & 7 noted the observations for compliance. The replies were not tenable being evasive and not supplemented with documentary evidences.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

The department is required to look into the matter at appropriate level and responsibility be fixed for non-adherence to government instructions besides condonation of irregularity from the Finance Department.

10.4.61 Figures not shown in the annual budget estimates-Rs.974.54 million

Under sanction 22 (b) , the Senate shall have the powers to consider and pass resolutions on the annual repost, the annual statement of

account and the annual and revised budget estimates, as per rule 24 (2) (b) the syndicate being executive body shall have powers, to hold, control and administer the property and funds of the university, as per 24(2)(j) to administer any funds placed at the disposal of the university for specific purpose and as per rule 16 (c) the treasurer shall ensure that the funds of the university are expended on the purposes for which they are provided. Rule 2.33 of PFR Vol-I states that every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of University of Engineering & Technology, Lahore for the period 2016-17, it was observed that neither income was shown on account of realization of interest on receipts nor amount of interest/profit was shown. The figures of opening and closing balances, amount of investment for Rs.974.544 million were not shown in the annual budget estimates.

The matter was pointed out to the formation during audit in November 2017. The formation noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of the matter with the sanction of the competent authority.

(PDP No.22989-UET,Lahore-2016-17)

10.4.62 Recurring deficit in budget-Rs. 1,326.59 million

Under sanction 22 (b) , the Senate shall have the powers to consider and pass resolutions on the annual repost, the annual statement of

account and the annual and revised budget estimates, as per rule 24 (2) (b) the syndicate being executive body shall have powers, to hold, control and administer the property and funds of the university, as per 24(2)(j) to administer any funds placed at the disposal of the university for specific purpose and as per rule 16 (c) the treasurer shall ensure that the funds of the university are expended on the purposes for which they are provided.

During audit of the Higher Education Department, it was observed that following universities had a recurring deficit in budget amounting to the above extent for the period under audit but no source to meet the budget deficit was mentioned in the budget.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount
1	BZU Multan	2017-18	26738	907,000,000
2	UET, Lahore	2016-17	23988	253,610,000
3	GC(W)University , Faisalabad	2016-18	29569	165,984,000
Total				1,326,594,000

The lapse was occurred due to weak financial controls of the management.

The matter was pointed out to the formation during audit in November 2017 and October 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should make good the deficit.

10.4.63 Unjustified Payment - Rs.2.73 million

As per rule 2.33.of PFR Vol-I every Government servant should realize fully and clearly that he will be held personally responsible for any

loss sustained by government through fraud or negligence on his part, and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Scrutiny of the record of Board of Intermediate & Secondary Education, Lahore for the period 2016-17 revealed that an amount of Rs.2,732,800 was paid to Chairman, Secretary, Assistant Secretary Reorganization, and their drivers and security guard for inspection of institutions for affiliation.

Audit observed that :

1. The Chairman, Secretary, Assistant Secretary Reorganization remained on visit for 125 working days out of 365 days. The 52 Sundays in a year and 12 other Gazetted Holidays in the year whereas 25 days Casual Leaves which comes to 89 days. It means that those officers remained away from their office for 214 days then how much time they had given to the post for which their services were hired?
2. Some officers & officials were also in receipt of above.

Audit was of the view that the lapse occurred due to poor time management.

The irregularity was pointed out to the formation during audit in November 2017. The formation replied that in the light of the decision of the Board payment to the Officers/Officials of the Board was made under the rules. So there is no violation of rules. The reply was not tenable as no reply was offered to the points raised by audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the Board may revisit its policy on the issue in best interest of institute keeping in view of economy and efficiency.

(PDP No.24129-BISE, Lahore-2016-17)

10.4.64 Irregular payment of remuneration out of hostel funds - Rs. 612,200

Combination of appointments in terms of F. R. 49 should be made as a temporary measure and should not ordinarily be made for a period of more than 6 months. In order to comply with the decision mentioned in para 1 (a) above, necessary measures to fill up a post on a whole-time basis should be taken as soon as it falls vacant and every possible effort should be made to make a whole-time appointment within the period of six months.

During audit of University of Education, Lahore for the period 2017-18, it was observed while scrutinizing of hostel funds that additional/double duty pay for continuous period in favor of officials amounting to Rs. 612,200 was made by the hostel administration of U.E.T. Campus out of hostel funds without any authority/provision as no documentary evidence regarding permission of Syndicate/Vice Chancellor was found on record. The action of the management for payment of double duty pay was only obligation to the staff and in fact these officials were not holding any additional charge. Hence, irregular payment was made without performing any additional duty against provision of rule.

The matter was pointed out to the formation. The formation stated that detailed reply shall be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter investigated at an appropriate level, responsibility be fixed and action be taken.

(PDP No.26190-University of Education, Lahore-2017-18)

**10.4.65 Unjustified deduction of Tax from educational institutions
Rs. 1.95 million**

As per rule 92 of income Tax Ordinance 2001, any income of any university or other educational institutions established solely for educational purposes and not for purpose of profit is exempted from deduction of Tax.

During audit of the Higher Education Department, it was observed that an amount to the above extent was withheld by the banks on profit earned by the institutions irregularly.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Queen Marry College/School, Lahore	2017-18	30167	1,140,000
2	BISE Bhawalpur	2017-18	29465	806,546
Total				1,946,546

Audit was of the view that the lapse occurred due to weak financial controls of the management.

Audit pointed out the matter in July to Nov 2018. The Management replied that matter will be taken up with Income Tax Department.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be taken up with the Commissioner of Inland Revenue Department for declaring the college as advance income tax exempted entity and also with bank for stoppage of deduction of advance income tax on profit accrued on the balances/investment made by the college out of its financial resource either provided by the government or generated by itself. Efforts may be made to get refund of the stated amount from F.B.R. and the Bank as well under intimation to audit.

10.4.66 Non-submission of vouched account to A.G Punjab for post audit-Rs.222.16 million

As per Government of the Punjab Finance Department letter No.SOTT(6-1)/2007, dated 26.10.2007 regarding Revised Procedure for the conversion of PLAs into SDAs Para 3(vii), “The operator of the SDA will be required to submit monthly accounts of expenditure supported with copies of paid vouchers to the concerned AG/DAO/TO for Post-Audit purpose by 15th of month following the month in which expenditure was incurred.

During audit of the Higher Education Department, it was noticed that the management of the following formation did not submit the vouched account to Accountant General Punjab, Lahore for Post-Audit purpose in violation of rule referred to above.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Queen Marry College/School, Lahore	2017-18	30169	177,160,000
2	University of the Punjab, Lahore	2016-17	23834	45,000,000
Total				222,160,000

Audit pointed out the matter in October 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that Vouched Account for stated amount may be submitted to Accountant General Punjab, and Post-Audit Certificates shown to audit. In future, vouched account may be submitted to A.G. Punjab on monthly basis.

10.4.67 Loss to university due to non receipt of contractual amount - Rs.6.86 million

As per Sr. No.19 (b) of delegation of financial powers 2016 , officers in category-II have full powers subject to leases being openly auctioned for a period not exceeding one year for auctioning of service outlet/canteen, leases of fruit trees and sale of grass growing in the compounds of government building/land.

During audit of the accounts of University of Sargodha for the year 2017-18, the scrutiny of legal cases file revealed that cheque were received by university management on account of khush-aab water and deposited into HBL but the same were dishonored by the bank on the ground of insufficient balance and mis-match of signature. The stated amount was outstanding since March,2017 but university management did not take serious steps against the defaulters to recover the said amount.

Audit was of the view that due to negligence of the management, government sustained loss of Rs.6,863,200.

Audit pointed out the lapse in October, 2018. In its reply the Department noted the observation for compliance

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls, effect recovery immediately from the concerned with interest and deposit the same into government treasury under intimation to audit.

(PDP No.30335-University of Sargodha-2017-18)

10.4.68 Credit sale of khush-aab water without approval -Rs.715,900

According to Govt. Rules vide Para 4.7(6) of PFR VOL-I, ordinarily, Audit will see that no amounts due to Government are left outstanding on its books without sufficient reason.

During audit of the accounts for the year 2017-18 of University of Sargodha Khush-Aab water unit, it was observed that credit sales of Khush-Aab water of Rs.715,900 were made to various departments of the university without approval of the competent authority.

The matter was pointed out in October 2018. The management stated that matter was under investigation of Anti-corruption Department.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of the credit sales and fixing of responsibility besides strengthening the supervisory and financial controls.

(PDP No.30372-University of Sargodha-2017-18)

10.4.69 Irregular award of scholarships against policy

As per Punjab University Notification No. D/1514/Est.I dated 08.04.2006 , Rule 2 (a) that scholarship will be allowed to university teachers with a minimum of 3 years regular service and maximum age of 45 years on or before the last date of receipt of application.

During audit of the University of the Punjab for the period 2017-18, scrutiny of the minutes of meetings of scholarship committee revealed inconsistent application of criteria in the award of scholarships as some candidates were refused scholarships due to having less than 3 year service, not having degree of MPhil, cost of scholarship above Rs.5 million, and having age above 45 years. However, it was also noticed that scholarships were granted to the selected people by granting them favor in terms of relaxation in three years' service, cost of scholarship approved above 5 million and in a single case of Ms. Deeba Akhtar the relaxation of MPhil was also given. All the cost above 5 million was required to be met from own resources but in all the cases, the proof of recovery was not provided.

The scholarship committee thus adopted a discriminatory behavior with candidates and rules were relaxed for favorite candidates.

The irregularity occurred due to weak supervisory controls and apparent injudicious use of discretion by the scholarship committee.

The lapse was pointed out in July, 2018. Reply was not given by the management of the University.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be investigated within a time frame and responsibility for irregular award of scholarships be fixed besides recovery of amount sanctioned in favor of scholars above Rs.5 million.

(PDP No30078-University of the Punjab-2017-18)

10.4.70 Non-adjustment of outstanding temporary advances- Rs. 1,087.03 million

Letter No. (Audit) 4-20/2006 prov dt. 09.01.2007 issued by Secretary Higher Education states that unadjusted advances should be adjusted timely and advance should not allowed till the adjustment of previous advance.

During audit of Higher Education Department, it was observed that an amount to the stated extent (Annexure-32) was paid as advance. Payment of advances was held irregular on the following grounds:-

- Advances were made without framing rules regulations and policies.
- Advances were given without adjusting previous advances against the persons/departments.
- Adjustment accounts/vouchers of the advances were not provided despite the lapse of considerable time.

The lapse was occurred due to weak financial and supervisory controls of the management.

Audit pointed out the matter in Feb to May and July to Nov 2018, the DDOs noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the amount of the para at Sr. No. 51

was reduced to Rs.339,880 after refund of Rs. 428,493. The para at Sr. No.45 kept pending for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility for non submission of adjustment account against temporary advances for years may be fixed besides recovery of Advance/Adjustment account without further delay under report to audit.

10.4.71 *Doubtful Payment of Scholarships-Rs.355.26 million*

As per of terms and conditions of surety bonds of PHD Scholars clause (ii) “Upon completion of the term of scholarship he shall return to Pakistan and serve the university for a period of five years in any suitable post. Further as per clause (iv) in the event of the breach of any of the terms the scholar binds himself firmly to pay on demand a sum of at least Rs. 1,000,000/- (case to case basis) as liquidated damages and not as penalty to the university. Further, as per clause 5 two sureties of the scholar jointly and severally stand bound to pay the amount due without question and without reference to him.

During audit of accounts of University of the Punjab Lahore for the year 2016-17 it was observed that an amount to the stated extent was paid to various officers of PHD Scholars, for PHD from various countries of the world during 2008-09 to 2016-17. Audit noted that :

- Relieving report of the under observation officers was not found in the concerned files to authenticate the proceeding of journey to the respective officer and payment of scholarships.

- Joining report of the officers were not found in the record.
- In most of the cases, the degree of PHD had not been submitted by the officers in the University in spite of completion period of study. Hence, the completion of PHD could not be authenticated by audit.
- As per terms and condition of surety bond, the officers were bound to serve the services in the university up to the period of five years after completing the study whereas no proof was found and produced to audit to verify the provision of five years service in the University after completion.
- In case of breach of agreement, the action was required to be taken against the guarantor for effecting the recovery of amount of scholarship, value of surety bond and payment of salaries drawn during the period of study leave.
- No Recovery Register of Scholarships had been maintained in the Treasurer Office to monitor the outstanding amount of recovery of scholarships.

In the absence of above said record, payment of scholarships appears to be doubtful and could not be admitted by audit.

Irregularity occurred due to weak supervisory and financially control.

Matter was pointed out in August 2017 and it was replied that 96 scholars had been awarded Overseas Scholarships for the Ph.D studies in different countries. 50 scholars resumed their duties in University of the Punjab. While 46 scholars were still studying from different countries. Documents mentioned by audit are available in personal files of scholars and can be verified. When any amount is to be recovered from any

officer/faculty member, the recovery is noted and monitored through Establishment Control Register (ECR)/Advance Register. Reply was neither in detail nor the list of the officers/officials who resumed their duties after completion of PHD degrees was provided. Personal files were scrutinized by audit but above mentioned documents were not found in their personal files. Audit recommends that amount may be got recovered from concerned and deposited into university account under intimation to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at higher level to address the issues highlighted and the department should strengthen its internal controls and adopt corrective measures.

(PDP. No. 23872 of University of the Punjab Lahore, 2016-17)

10.4.72 Non accountal of stores-Rs.135.16 million

According to Rule 15.4 (a) of PFR Vol-I, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. Further, according to Finance Department letter No.FD (M.R) MW/1-4/92 dated 26.09.1992, PAC-I in its meeting held on 04.08.1992 directed that if the entries in the stock register are not present at the time of audit or if the record is not shown to audit, the entries made and record produced afterwards would not be accepted.

During audit of Higher Education Department, it was observed that stores to the tune of above were neither entered in the stock register nor consumption account of the same was shown to audit. (Annexure-33)

Audit was of the view that weak internal and supervisory controls led to irregular/doubtful expenditure.

The irregularity was pointed out during April to May and July to Dec. 2018. In response to preliminary audit observation, the DDO replied that relevant stock entries/record will be shown to audit. The reply was not acceptable as entries made or record produced after close of audit was useless.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, The para at Sr. No. 10 kept pending for probe. The amount of the para at Sr. No.17 was reduced to Rs. 89,320 after recovery of Rs. 142,506. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends probing the matter to fix responsibility and recovery of the amount from persons held responsible.

10.4.73 Blockage of Capital-Rs. 129.11 million

According to Rule 15.21(4) & (5) of PFR Vol-I, stores, in many cases, represent a locking up of capital which is not justifiable unless essential and purchase and retention of store in excess of the probable requirement of the department in the near future may result in loss to Government through deterioration. Moreover, Rule ibid also provides that balances of stores should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.

During audit of Higher Education Department, it was observed that expenditure was made on purchase of various items without immediate requirement which were lying in stores since long in huge quantity. The warranty of most of the articles was due to be expired prior to its utilization.

Sr. No	Name of formation	Period of audit	PDP No.	Brief Description	Amount (Rs.)
1	Director College, Sargodha	2016-18	26782	Machinery, lab equipment, furniture	38,218,161
2	Govt. Fatima Jinnah Women, University, Rawalpindi	2017-18	30555	Lab equipments	18,083,205
3	Govt. College of Commerce Sabzazar, Lahore	2015-17	25978	Purchase of computer, air conditioners and furniture etc.	11,548,800
4	BISE Gujranwala	2017-18	27513	Purchase of misc items	11,488,709
5	Govt. Degree College for Women, Hassan Abdal, Attock	2011-18	29737	Purchase of Bus	9,728,000
6	Govt. Post Graduate College for Women Raiwind Lahore	2015-17	27497	Purchase of Bus	9,728,000
7	Govt. Jinnah Degree College for Women Mozang Lahore	2015-16	24225	Purchase of Bus	9,500,000
8	BISE Faisalabad	2017-18	30408	Purchase of off set papers	7,464,600
9	GC University Faisalabad	2016-18	28364	Excess printing of Prospectus	4,804,736
10	University of Education, Lahore	2017-18	26168	Printing work	3,053,700
11	University of Gujrat	2016-18	28810	Purchase of M&E	2,327,310
12	BISE Sahiwal	2017-18	26487	Non disbursement of Laptop	2,100,000
13	Govt. Degree college for Women, Baghbanpura, Lahore	2016-17	26000	Generator etc	500,000
14	BISE Gujranwala	2017-18	27514	Purchase of Trophies for distribution to position holders in sports	425,100
15	BISE DG Khan	2017-18	26145	Purchase of sports articles	136,100
Total					129,106,421

Audit held that stores were procured in excess of the requirements. Thus, public money was blocked by the management due to weak supervisory and financial controls.

Audit pointed out the matter in Feb to May and July to Nov 2018. The DDOs noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.7 was kept pending being subjudice with the direction to vigorously pursue the case. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends to fix responsibility for blockage of government money besides strengthening of supervisory and financial controls.

Recoveries and overpayments

10.4.74 Non-recovery of government and institutional dues- Rs.929.31 million

According to Rule 4.7(i) of PFR Vol.-I, it is primary responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Higher Education Department, it was observed that miscellaneous government and institutional dues (like deposit of admission and tuition fee, recovery of funds from HEC; recovery of affiliation fee, recovery of advance etc.) to the tune of Rs.929,312,313 (Annexure-34) were recoverable.

Audit was of the view that weak managerial controls resulted in non-recovery of heavy amounts.

The matter was pointed out to the formations during audit conducted in May, August to November 2017 and February to March, May, August to November 2018. The formations at Sr. Nos.4, and 28 replied that recovery would be made. The formations at Sr. Nos. 2, 3, 5 to 9, 11, 12, 15, 16, 18, 19,20, 25, 27, 29, 30, 34, 36, 38, 39, 44, 45, 47, 48 & 51 noted the observation for compliance. The formations at Sr. Nos. 1, 10, 21, 26, 31, 35, 37, 40, 42, 43 & 46 did not offer any comments. The formations at Sr. Nos. 13, 17, 23 & 49 stated that reply would be submitted after scrutiny of record. The formations at Sr. Nos. 14 & 22 stated that a reminder had been sent to concerned quarters. The formation at Sr. No.24 stated that collected fee was not recorded in the given lists of affiliated schools/colleges. However, the same had been collected. The formation at Sr. No.32 stated that matter will be taken up with Higher Education Department. The formation at Sr. No. 33 stated that no amount is outstanding against any affiliated college. The formation at Sr. No. 41 stated that detailed reply would be submitted after receipt of reply from the concerned. The formation at Sr. No. 50 stated that actual share is Rs. 91,147 which has been deposited into university account. The reply was not acceptable as the documentary evidence in support of the reply was not produced.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the amount of the para at Sr. No.41 was reduced to Rs.265,962 after recovery of Rs.194,568. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the recovery process be expedited besides fixing the responsibility and imposing penalty on officers/officials at fault.

10.4.75 Non recovery of university dues from Ph.D scholars- Rs.595.36 million

As per of terms and conditions of surety bonds of Ph.D Scholars clause (ii) “Upon completion of the term of scholarship he shall return to Pakistan and serve the university for a period of five years in any suitable post. Further as per clause (iv) in the event of the breach of any of the terms the scholar binds himself firmly to pay on demand a sum of at least Rs. 1,000,000 on case to case basis as liquidated damages and not as penalty to the university. Further, as per clause 5 two sureties of the scholar jointly and severally stand bound to pay the amount due without question and without reference to him.

During audit of Higher Education Department, it was observed that amount to the tune of Rs. 595,364,622 (Annexure-35) was paid to various officers (Ph.D Scholars) of universities to improve their education i.e Ph.D from various countries across the world. But it was noticed that either the said qualification was not completed by the concerned or they did not serve the university for 5 years as per agreement after completion of Ph.D. Amounts of scholarship, surety bond and pay & allowances drawn during the period of study leave were not refunded to the universities as per agreement even after lapse of considerable time.

Audit was of the view that weak managerial controls resulted in non-recovery of heavy amounts.

The matter was pointed out to the formations during audit conducted in August & November 2017 and July to October 2018. The formations at Sr. Nos. 1, 11, 12, 14 to 16 noted the observations for compliance. The formations at Sr. Nos. 2, 3, 17 & 20 replied that cases

were under process in the court. The formation at Sr. No. 4 replied that cases are under process in the office of registrar. The formation at Sr. No. 5 replied that show cause notices were issued to the concerned officers. The formation at Sr. No. 6 replied that disciplinary actions are under process against the officers. The formation at Sr. No.7 did not offer any comments. The formation at Sr. No. 8 replied that balance recoverable was 11,100,000. Audit is requested to verify the record and reduce the amount. The formations at Sr. Nos. 9, 10, 18 & 19 stated that reply would be submitted after scrutiny of record. The formation at Sr. No.13 replied that recovery was being made through salary on monthly basis. The replies were not acceptable as the same were evasive and not supported with documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter of non-recovery of dues from the defaulters across the province may be investigated at the PAO level fixing the responsibility and imposing penalty on officers/officials at fault for non-recovery. Besides, the recovery pointed out by audit needs be expedited without further delay under intimation to audit.

10.4.76 *Non/less recovery of income tax- Rs. 257.97 million*

According to Section 153 (1) of income tax ordinance 2001, income tax is required to be deducted at source @ 4.5% on supply of goods and 10% on services rendered respectively. Moreover, as per section 236-A ibid, department is required to recover advance tax@ 10% on auctioned amount.

During audit of Higher Education Department, it was observed that payments were made to the employees of the institutions and contractors but income tax/advance tax worth Rs. 257,965,205 (Annexure-36) was not/less deducted at source.

Audit was of the view that weak internal controls lead to non deduction of taxes and loss to government to the tune of Rs. 269,389,280.

The matter was pointed out to the formations during audit conducted from March, May 2017, August to November 2017 and February, March, May, July to November 2018. The formation at Sr. Nos. 1 & 90 replied that deducted amount of income tax had been deposited in govt. treasury. The formation at Sr. No. 3 replied that income tax was duly deducted by adding the honorarium income of the employees with the salary income. The tax rate was charged as per total salary income slab of the employees. The formations at Sr. Nos. 4, 21, 75 & 97 replied that income tax had already been deducted. The formations at Sr. Nos. 23, 59, 68, 78, 80 & 104 replied that recovery would be made. The formation at Sr. Nos. 5, 25 & 91 replied that requisite record would be provided. The formations at Sr. Nos. 6, 8, 31, 33 & 54 replied that as per section 236A of the Income Tax Ordinance 2001 collection of advance tax does not apply on leased property rental income. The formation at Sr. No.9 replied that income tax exemption certificate was furnished by the contractor so this office did not deduct the income tax. Further, 10% performance guarantee was not part of bidding documents and contract. The formation at Sr. No.12 replied that remuneration drawn by each secrecy office is below the limit on which income tax is to be levied. The formations at Sr. Nos. 13 & 14 replied that the transaction was between two government organizations i.e. HEC and Punjab University. Therefore, deduction of Income Tax was not required. The formations at Sr. Nos. 2, 7, 10, 11, 16, 17, 28, 34, 36,43, 44, 50, 55, 62, 67, 73, 84, 96, 100 & 102 did not offer

any reply. The formations at Sr. Nos. 18, 20, 24, 26, 29, 38, 45, 46, 48, 49, 52, 53, 56, 60, 61, 63, 64, 65, 66, 69, 70, 71, 74, 76, 77, 81, 82, 83, 86, 87, 88, 89, 92, 93, 94, 98,99 & 103 noted the observations for compliance. The formations at Sr. Nos. 15, 19, 22, 27, 33, 40, 47, 58, 72, 85 & 97 stated that detailed reply would be submitted after scrutiny of record. The formations at Sr. Nos. 30, 39 & 79 replied that deduction of income tax on honorarium was not specified in the income tax ordinance. The formation at Sr. No. 32 replied that deduction of advance income tax as per section 151 (i) (a) does not imply on mobilization advance. The formation at Sr. No.37 replied that printing of prospectus does not fall in the category of services. The formation at Sr. No.41 replied that amount has been paid as temporary advance and got adjusted soon. The formation at Sr. No. 42 replied that on the direction of HED income tax was not withheld. The formation at Sr. No. 49 replied that HEC was paying all applicable taxes on these services of all universities. The formation at Sr. No. 56 replied that computers were imported by the Punjab University from Dell International through M/S Mega Plus. The Mega Plus made payment on behalf of Punjab University at the time of import of computers therefore tax was not required to be deducted. The formation at Sr. No.101 replied that deduction of income tax on honorarium has been implemented since March 2018. The replies were not acceptable being evasive and not supported with record/evidence.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No. 59 was kept pending for regularization from Finance Department. The para at Sr. No.63 kept pending for advice from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls on taxation, effect recovery of the stated amount and deposit the same into government treasury.

**10.4.77 Non/less collection of outstanding dues from contractors-
Rs.164.29 million**

According to Rule 4.1 of PFR Vol-I, the departmental authorities should see that all sums due to government are correctly assessed and regularly received and checked against the demands and they are paid into government treasury accordingly.

During audit of Higher Education Department, it was observed that cellular company towers, bank branches, ATM machines, canteens, shops, and car parking/cycle stands were leased out to various contractors. The rent was either not recovered or recovered less from the contractors. (Annexure-37)

Audit was of the view that weak supervisory controls, defective recovery mechanism and non-enforcement of the contractual clauses resulted in less recovery of Rs.164,291,144.

The matter was pointed out to the formations during audit conducted from August to November 2017 and March, May, July to October 2018. The formation at Sr. No.1 stated that actual recoverable amount will be collected from bank after reconciliation. The formations at Sr. Nos.3, 4,12,16 & 18 stated that due rent has been received. The formation at Sr. No.5 stated that inquiry is under process, case forwarded to anti-corruption. Report will be submitted later on. The formations at Sr. Nos.19,20,37 & 48 stated that detailed reply would be made after scrutiny

of record. The formation at Sr. No.26 stated that reminder has been issued to the firm for producing the copies of advance tax. The formations at Sr. Nos.9,11,24,30 to 32,35 & 44 replied that amount would be recovered. The formations at Sr. Nos.2,5,13,14,17,21 to 23, 25, 27, 28,29 & 38 did not offer any reply. The formations at Sr. Nos. 7,8,10,15,33,34,36 & 39 to 42 noted the observations for compliance. The formation at Sr. No.43 stated that matter relates to Ex-Principal and is already probed. The formation at Sr. No.45 stated that as per agreement the MCB was not bound to pay the rent. The formation at Sr. No.46 stated that notice of 10% increase has been sent to canteen and shops. The formation at Sr. No.47 stated that amount was being charged as per approval of vice chancellor.

The replies were not acceptable being evasive and not supported with record/evidence in support of replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the outstanding amounts may be recovered expeditiously and deposited into government treasury besides fixing of responsibility for lack of oversight in getting the amounts recovered.

10.4.78 Non receipt of funds/grant from HEC and GOPb-Rs.288.65 million

According to Rule 4.7(i) of PFR Vol.-I, the departmental authorities should see that all sums due to government are correctly assessed and regularly received and checked against the demands and they are paid into government treasury accordingly.

During audit of Higher Education Department, it was observed that various funds and grants amounting to Rs. 288,655,197 were outstanding

against the Higher Education Commission, Higher Education Department and Government of the Punjab. The funds/grants were not received from the concerned even after lapse of considerable time. The details are as under:

Sr. No	Name of formation	Period of audit	PDP No.	Type of record	To be Received from	Amount (Rs.)
1.	LCWU, Lahore	2017-18	28308	Payment of salaries to Government employees out of University fund	Govt. of Punjab	55,361,000
2.	UET, Lahore	2016-17	24052	Regular grant/	Govt. of Punjab	50,000,000
3.	UET, Lahore	2016-17	24050	Tenure Track Fund	Higher Education Commission	41,367,444
4.	UET, Lahore	2016-17	24061	Tenure Track Fund	Higher Education Commission	41,367,000
5.	BISE, Multan	2017-18	29339	Cash award to position holders	Govt. of Punjab	33,200,000
6.	BISE, Bahawalpur	2017-18	29454	Cash award to position holders	Govt. of Punjab	33,050,000
7.	BISE, Sahiwal	2017-18	26486	Cash award to position holders	Higher Education Department	30,973,968
8.	Lahore College for Women University, Lahore	2016-17	23439	Establishment of Information Technology block	ICT, Ministry of IT	1,436,355
9.	UET Lahore	2016-17	24026	organize conference/seminar/workshop	Higher Education Commission	989,430
10.	UET, Lahore	2016-17	24056	International Conference	Higher Education Commission	910,000
Total						288,655,197

Audit was of the view that weak supervisory controls resulted in less recovery of Rs. 288,655,197.

The matter was pointed out to the formations during February to May and July to November 2018. Most of the formations noted the observation for compliance while rest stated that the case is in process with HEC and National ICT. The replies were not acceptable being evasive and not supported with record/evidence in support of replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the outstanding amounts may be recovered expeditiously besides fixing of responsibility.

10.4.79 Irregular payment of inadmissible pay & allowances- Rs. 1,584.54 million

As per Government of the Punjab, Finance Department letter No. FD-(M-I)1-15/82 P-I dated 15.01.2000, house rent allowance will not be allowed to the officers/officials to whom government accommodation has been provided. Further, five percent house maintenance charges will be deducted from the salary. Moreover, as per Government of the Punjab, Finance Department letter No. 106(SR) IV/7 dated 18.08.1977, conveyance allowance is not admissible during leave including LPR, and the officers availing facility of government vehicles are not entitled to draw conveyance allowance.

During audit of Higher Education Department, it was observed that inadmissible pay & allowances were paid to the employees without getting prior approval of authority concerned, at higher rates than the prescribed

one; without having the requisite qualifications and without devised criteria/TO. (Annexure-38)

Audit was of the view that weak financial controls lead to overpayment.

The matter was pointed out to the concerned formations from February to November 2018. Some of the managements noted the observations for compliance. Some did not offer reply and the rest of the formations stated that reply would be submitted after scrutiny of record.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No. 53 was kept pending for clarification from Finance Department. The amounts of the paras at Sr. Nos.57, 72 & 100 were reduced to Rs. 1,019,820, Rs.668,961 and Rs.171,014 after recoveries of R. 248,722, Rs.122,704 and Rs.241,558. The paras at Sr. Nos. 77 & 121 were kept pending for regularization from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be looked into for fixing responsibility and taking remedial measures besides action against the responsible for overpayment of allowances.

10.4.80 Overpayments and recoveries against works contractors-Rs. 4,593.05 million

According to Rule 4.7 (i) of PFR Vol-I, the departmental authorities should see that all sums due to government are correctly assessed and regularly received and checked against the demands and they are paid into government treasury accordingly.

During audit of Higher Education Department, it was observed that recoveries of Rs. 4,593,054,131 (Annexure-39) against the contractors were not received despite lapse of considerable time.

Audit was of the view that weak supervisory controls, defective recovery mechanism and non-enforcement of the contractual clauses resulted in less recovery of Rs.117,486,741.

The matter was pointed out to the formations during audit conducted in April, August & November 2017 and from August to October 2018. The formations at Sr. Nos.1, 2, 4, 6, 9, 11, 13, 14, 15, 17, 18, 20, 22, 23, 26, 27, 28, 29, 32, 33, 36, 37, 38, 40, 41, 43, 48 & 59 noted the observations for compliance. The formation at Sr. No.3 stated that the PD office only has received one total work done bill of amounting Rs. 7.5 million till date and has been compensated this entire amount as recovery of mobilization advance. The formation at Sr. No.5 stated that the contractor has submitted time extension with plausible reasons and the competent committee approved extension in time so the imposition of penalty is unjustified. The formations at Sr. Nos. 7,30 & 31 stated that the competent authority approved the extra items and time of works. The formation at Sr. No. 8 stated that the rate varies due to difference in size of the Gutka. The formation at Sr. No. 10 stated that the overall value of work done is within the limit of T.S. estimate amount so no overpayment was made. The formation at Sr. No. 12 stated that escalation was not allowed to contractor so de-escalation was not deducted. The formation at Sr. No. 19 & 51 stated that the chemical specified ratio 1:40 with water is not available in the market. The formations at Sr. Nos.16, 24, stated that detailed reply would be made after scrutiny of record. The formations at Sr. Nos.21,44 & 53 replied that amount would be recovered. The formation at Sr. No. 25,55 & 56 stated that the site test reports of concrete, harrow sand and billets are available. The formations at Sr. Nos.

34,35,47,54 & 58 stated that there is no overpayment due to higher rates. The formation at Sr. No. 39,45,49 & 50 stated that the rate analysis has been correctly applied and approved by the competent authority. The formations at Sr. Nos. 42 & 46 stated that the specification of providing and fixing m.s Chowkhat 5” reveals that 16 swg has been used instead of 20swg MRS items. The formation at Sr. No. 57 stated that the rehandling of earth work was paid to the contractor.

The replies were not acceptable as these were not supported with record/evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the outstanding amounts be recovered expeditiously besides fixing of responsibility.

10.4.81 Non-deduction of PST-Rs. 74.88 million

According to Punjab Sales Tax Act 2012, 16% sales tax on services shall be applicable.

During audit of Higher Education Department, it was observed that various formations made payments to the firms for provision of services without deducting Punjab Sales Tax amounting to Rs. 74,888,119.(Annexure-40)

Audit was of the view that weak internal controls on “Taxation” resulted in non-deduction of PST at source and loss to government to the tune of Rs. 74,888,119.

The matter was pointed out to the formations during audit conducted in August and November 2017 and February to November

2018. The formation at Sr. No. 2 stated that the transaction is purely between two government organizations so deduction of PST is not required. The formations at Sr. Nos. 9, 12, 14, 15, 16, 18, 20, 21, 26, 27, 28, 37, 39, 43, 45, 47, 49, 51, 53 & 56 noted the observations for compliance. The formations at Sr. Nos. 4, 22, 24, 30,33, 40, 42, 52, 54, 58 & 59 did not offer any comments. The formations at Sr. Nos. 5, 7, 23, 32, 36, 46 & 57 stated that reply would be submitted after scrutiny of record. The formations at Sr. Nos.1, 11, 17, 31, 34, 41, 44 & 50 replied that PST was not applicable on these services. The formations at Sr. Nos.10,25,35 & 48 replied that recovery would be made. The formation at Sr. No.6,13,19,29 & 38 replied that the tax had regularly deducted. The formation at Sr. No.8replied that university has exemption. The formation at Sr. No.55replied that the contract is done by DDC and terms and conditions known to him and the security company. The replies were not tenable as no documentary evidence in support of reply was produced to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to recover the PST immediately besides fixing responsibility for non-deduction of tax at source.

10.4.82 *Non deduction of GST- Rs. 59.64 million*

Instructions issued by the Government of Pakistan vide SRO. 660(1) 2007 dated 30.06.2007 provide that all withholding agents shall make purchases of taxable goods from a person duly registered under Sales Tax Act 1990. However, under unavoidable circumstances and for reason to be recorded in writing, purchases are made from unregistered persons the withholding agents shall deduct sales tax @ 17 percent of the

value of the taxable supplies. Further, according to the instruction issued by the Govt. of Pakistan , Revenue Division FBR, vide circular no.06 of 2013 no.C.No.4 (36) ITP/2013dated; 19.07.2013 the sales tax from unregistered persons was required to be withheld @19%. Moreover, as per rule 2 and 6 of Sales Tax Rules, withholding agent shall deduct an amount equal to 1/5th of total sales tax shown in sales tax invoices, issued by the supplier and make payment of the balance amount to him.

During audit of Higher Education Department, it was observed that the following formations made payments to various firms for procurements of goods and services without making payment of GST at prescribed rate or 1/5th of General Sales Tax was not withheld. Further, GST invoices were not got verified from the concerned authority i.e. FBR. It is pertinent to mention here that sales tax invoices in respect of paras at Sr. Nos. 1, 4, 8, 13 & 16 were not available on record. (Annexure-41)

Audit was of the view that weak internal controls led to non deduction of GST at source.

The matter was pointed out to the formations during audit conducted in August 2017 and May, August to October 2018. The formation at Sr. No.1 replied that as per clause 41 of the contract agreement contractor shall be responsible for making the inquiries regarding taxes and duties with the concerned authorities. The formations at Sr. Nos. 2& 4 replied that reply would be submitted later on after perusal of record. The formations at Sr. Nos.7,10,14 & 15 noted the observation for compliance. The formation at Sr. No. 3,5,6, 9,11,12 & 16 did not offer any reply. The formation at Sr. No.8 replied that sales tax on international magazines and journals is exempted. The formation at Sr. No.13 replied that a letter has been issued to Ex-Principal to comply with the recommendations as pointed out by Audit. No documentary evidence in support of reply was shown to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility for non-deduction at source besides recovery from defaulters.

10.4.83 Non recovery of dues from the students - Rs.58.68 million

According to Rule 4.1 of PFR Vol.-I, it is primary responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Higher Education Department, it was observed that dues to the tune of Rs. 58,684,687 were recoverable from the students. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	UET, Lahore	2016-17	23999	18,683,063
2.	UET, Lahore	2016-17	24030	11,665,154
3.	UET, Lahore	2017-18	28713	10,651,266
4.	University of Education, Lahore	2017-18	26173	3,574,800
5.	UET, Taxila	2017-18	26799	3,176,500
6.	Govt. Degree College (W), Hassan Abdal, Attock	2011-18	29733	2,108,788
7.	University of Gujrat	2016-18	28774	1,866,241
8.	Govt. College of Commerce, Faisalabad	2008-16	24224	39,921
9.	Information Technology University of the Punjab, Lahore	2016-17	25705	1,329,700
10.	UET, Lahore	2017-18	28716	665,371
11.	UET, Lahore	2016-17	24011	637,615
12.	Govt. APWA College for Women, Lahore	2016-18	28686	599,112
13.	UET, Lahore	2017-18	28715	561,899
14.	UET, Lahore	2017-18	28714	536,471

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
15.	Govt. Ayesha Post Graduate College, Ravi Road, Lahore	2016-17	24846	489,579
16.	University of Sargodha	2017-18	30361	315,620
17.	UET, Lahore	2016-17	24016	240,828
Total				58,684,687

Audit was of the view that weak managerial controls resulted into non-recovery of heavy amounts.

The matter was pointed out to the formations during audit conducted in March & November 2017 and May, August to November 2018. The formations at Sr. Nos.10,14 & 17 replied that recovery would be made. The formation at Sr. No.1,2,4, 6, 11& 16 noted the observation for compliance. The formation at Sr. No.3 & 13 stated that letters have been written for recovery. The formation at Sr. No.5 stated that recovery is in process. The formation at Sr. No.7 stated that the fee is collected through computerized system. It is assured a student cannot avail academic facility without getting his fee status updated. The formation at Sr. No.12 did not offer any comments. The formations at Sr. Nos. 8& 15 stated that detailed reply would be submitted later on after scrutiny of record. The formation at Sr. No.9 stated that ITU has a fee structure that is equivalent to any private sector university of Punjab. Philosophy behind this higher fee structure is to collect fees from those who can afford to pay for quality education and then give an equal opportunity to those who are talented but financially challenged. The replies were not acceptable as record in support was not produced.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the amount of the para at Sr. No.8 was reduced to Rs.39,921 after recovery. Further progress was not reported by the department. As regards remaining paras, the department

neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the recovery process be expedited by defining a realistic time frame besides fixing the responsibility and imposing penalty on officers/officials at fault for non-recovery.

10.4.84 Non recovery of dues from various institutions- Rs.37.59 million

According to Rule 4.1 of PFR Vol.-I, the departmental authorities should see that all sums due to government are correctly assessed and regularly received and checked against the demands and they are paid into government treasury accordingly.

During audit of Higher Education Department, it was observed that various arrears amounting to Rs.37,595,205 were outstanding against different institutions. The arrears were either not recovered or were recovered less from the concerned after lapse of considerable time. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Kind of arrear	Receivable from	Amount (Rs.)
1.	University of the Punjab	2017-18	29967	Electricity Charges	Executive Club & Other commercial users	31,330,671
2.	BISE, Lahore	2016-17	24123	Rent of office building	Secretary, Inter Board Committee of Chairmen Islamabad	4,414,088
3.	BISE, Multan	2017-18	29355	Advance payment to MEPCO for enhancement of electricity work load	MEPCO	856,160

Sr. No.	Name of formation	Period of audit	PDP No.	Kind of arrear	Receivable from	Amount (Rs.)
4.	University of the Punjab	2017-18	29969	Gas Charges	Executive Club & other commercial users	597,272
5.	UET, Lahore	2016-17	23992	Sale of petrol	Different Institutions	397,014
Total						37,595,205

Audit was of the view that weak supervisory controls and defective recovery mechanism resulted in less recovery of Rs.37,595,205.

The matter was pointed out to the formations during audit conducted in November 2017 and July & November 2018. The formation at Sr. Nos.1 & 4 stated that executive club is department of the university and recovery from other commercial users is also being made. The formation at Sr. No.2 stated that letter has been written to secretary IBCC for recovery of rent. The formation at Sr. No.3 stated that many applications were sent to MEPCO for refund. Yet refund is not made by MEPCO. The formation at Sr. No. 5 noted the observation for compliance. The replies were not acceptable being evasive and not supported with record/evidence in support of replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the outstanding amounts be recovered expeditiously besides fixing of responsibility.

10.4.85 Non imposition of late delivery charges -Rs.27.04 million

According to the contracts and terms and conditions of tender document read with the relevant supply orders/work orders, the

contractors are bound to complete the delivery and construction work within the specified time. Otherwise, contractors are liable to pay late delivery charges and penalty at prescribed rates.

During audit of Higher Education Department, it was observed that different contractors failed to complete the construction work and supply of store items within the stipulated period. No penalty was imposed on them by the management. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No	Description	Amount (Rs.)
1.	University of the Punjab	2016-17	23927	Non completion of construction work	17,310,000
2.	UET, Lahore	2016-17	24037	Non completion of construction work	4,285,000
3.	BISE, Sargodha	2016-17	23091	Non recovery of LD charges due to late supply	2,791,304
4.	GC University, Faisalabad	2016-18	28372	Non recovery of LD charges due to late supply, LC opening charges and exchange rate difference	1,688,738
5.	UET, Lahore	2016-17	24009	Non completion of construction work	334,196
6.	University of the Punjab	2017-18	29984	Non recovery of LD charges due to late supply and L.C. amendment charges	294,126
7.	Bahauddin Zakriya University, Multan	2017-18	26762	Non recovery of LD charges due to late supply	183,020
8.	University of the Punjab	2016-17	23878	Non recovery of LD charges due to late supply	162,797
Total					27,049,181

Audit was of the view that weak internal controls on contractual agreements resulted in non-imposition of penalty on late delivery/liquidated damages.

The matter was pointed out to the formations during audit conducted in August, October & November, 2017 and July & September 2018. The formation at Sr. No. 1 replied that extension was granted by competent committee. The formation at Sr. No. 2, 7 & 8 did not offer any reply. The formations at Sr. Nos. 1&4 noted the observations for compliance. The formation at Sr. No. 3 replied that stores were supplied within the target dates. The formation at Sr. No. 4 stated that reply will be submitted after scrutiny of the record. The formation at Sr. No. 5 stated that recovery will be made and revision of PC-I is in process. The formation at Sr. No. 6 stated that LC amendment charges will be recovered and extensions were granted by competent forum. The reply was not tenable as the contractual obligations were not followed.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends imposition/recovery of late delivery charges besides fixing responsibility.

10.4.86 Non deduction of mandatory subscriptions-Rs.11.75 million

According to Rule 4.1 of PFR Vol.-I, the departmental authorities should see that all sums due to government are correctly assessed and regularly received and checked against the demands and they are paid into government treasury accordingly.

During audit of Higher Education Department, it was observed that mandatory subscriptions i.e., GPF, BF and Group Insurance amounting to Rs. 11,750,059 were not deducted from the pay. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	BISE, D.G. Khan	2017-18	26139	10,976,606

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
2.	Govt. Imamia College, Sahiwal	2002-18	27389	660,040
3.	Govt. Shalimar College, Lahore	2016-17	25829	113,413
Total				11,750,059

Audit was of the view that weak supervisory controls and defective recovery mechanism resulted in less recovery of Rs.11,852,279.

The matter was pointed out to the formations during audit conducted in March & August 2018. The formation at Sr. No.1 did not offer any reply. The formation at Sr. Nos. 2 & 3 noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the amount of the para at Sr. No.3 was reduced to Rs.113,413 after recovery of Rs.102,220. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the outstanding amounts may be recovered expeditiously besides fixing of responsibility.

10.4.87 Non-forfeiture of security and earnest money- Rs. 28.11 million

According to Rule 4.7(1) of PFR Vol.-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Higher Education Department, it was observed that the contractors failed to meet their contractual obligations and the university did not forfeit the security/earnest money/CDRs.

Sr. No.	Name of formation	Period of audit	PDP No.	Type of record	Amount (Rs.)
1	University of Punjab, Lahore	2016-17	23918	Non-forfeiture of security and earnest money	9,370,000
2	University of Punjab, Lahore	2016-17	23893	Non-forfeiture of security and earnest money	9,370,000
3	University of Sargodha	2017-18	30356	Non- forfeiture of earnest money/call deposit	5,823,000
4	University of Punjab, Lahore	2016-17	23881	Non clearance/forfeited CDRs	3,551,566
Total					28,114,566

Audit was of the view that weak supervision on part of the management resulted in loss due to non-forfeiture of the security/earnest money.

The matter was pointed out to the formations during audit conducted in August 2017. The management at Sr. No. 2 did not offer any reply and at Sr. No. 01 stated that the competent authority has constituted a fact-finding committee to probe the subject works and decision of committee is still awaited and remaining noted the observation for compliance. The management at Sr. No. 3 noted the observation for compliance. The management at Sr. No. 4 stated that as per terms and conditions of the bid documents, the un-successful/rejected bidders can get their CDRs (2% earnest money) at their convenience during office hours after the announcement of technical evaluation report and final decision of the case. However, in case of successful bidders, the CDRs are retained

until the completion of job and then returned back to the vendors as per their request. The reply was not acceptable as record in support was not produced.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends inquiry to fix the responsibility besides forfeiture the amount.

10.4.88 Non recovery of penal rent-Rs.3.75 million

Government of Punjab, Finance Department vide letter No SO (PW-II)XV(24)(76) dated 27.09.1980 enhanced the rate of penal rent to be charged @ 60% of pay to discourage unauthorized occupants of government residents. Further, as per Rule 15 (2) under chapter-I of the Board calendar, “it shall be the duty of chairman to ensure that the provision of this act and the regulations and rules and directions of the controlling authority are faithfully observed and carried out”

During audit of Higher Education Department, it was observed that government residences were occupied by unauthorized persons. Neither was any effort made by the department to get the residences vacated nor the penal rent was charged and recovered. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Govt. Murray College, Sialkot	2017-18	26513	1,708,448
2.	BISE, Multan	2017-18	29349	1,117,908
3.	BISE, Sargodha	2016-17	23098	820,872
4.	BISE, Sargodha	2016-17	23099	103,359
Total				3,750,587

Audit was of the view that weak supervisory and management controls resulted in non-vacation of government residences from unauthorized persons and non-recovery of penal rent.

The matter was pointed out to the formations during audit conducted in October 2017 and August & November 2018. The formations at Sr. Nos. 1& 2 did not offer any reply. The formation at Sr. No. 3 replied that as no board employee was ready to occupy the residences so board management had allotted residences of board to provincial government employees. The formation at Sr. No. 4 replied that Rs. 94,324 had been recovered. The reply was not acceptable as record in support was not produced.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed against the concerned officers/officials and recovery of penal rent be effected besides strengthening of supervisory controls.

10.4.89 *Non deduction of professional tax- Rs.2.05 million*

As per item No.5 of the schedule of the Punjab Professional and Trade Tax rules 1977, the contractors, builders and developers who during the preceding financial year supplied to the Federal or Provincial Government or a company or a factory or a commercial establishment or an autonomous or a semi autonomous organization or any local authority, goods, commodities and services of the value, shall pay Professional Tax at the prescribed rates as specified below:-

- Up to Rs.1.0 million Rs. 500
- Exceeding Rs.1.0 million but not exceeding Rs.10.0 million Rs. 3,000
- Exceeding Rs.10.0 million but not exceeding Rs.50.0 million Rs. 5,000
- Exceeding Rs.50.0 million Rs. 10,000

During audit of Higher Education Department, it was observed that the formations made payments to various firms for procurements of goods and services without making at source deduction of Professional Tax amounting to Rs.2,045,000. The details are as under:

Sr. No.	Name of Formation	Period of audit	PDP No.	Amount (Rs.)
1.	University of the Punjab	2016-17	23875	1,070,000
2.	Fatima Jinnah Women University, R/Pindi	2017-18	30562	540,000
3.	Govt. College for Women, Faisalabad	2016-18	29610	330,000
4.	UET, Taxila	2017-18	26814	105,000
Total				2,045,000

Audit was of the view that weak internal controls led to non deduction of professional tax.

The matter was pointed out to the formations during audit conducted in August 2017 August 2018 and October 2018. The formation at Sr. No.1 replied that the professional tax is applicable only to the specific firms and not mandatory for all of the firms. The formations at Sr. Nos. 2 replied that reply would be submitted later on after perusal of record. The formations at Sr. Nos.3 & 4 replied that professional tax certificates will be provided to audit. No documentary evidence in support of reply was shown to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility of non-deduction of professional tax besides recovery from defaulters.

10.4.90 Recovery against library books defaulters- Rs.1.67 million

According to Rule 4.1(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Higher Education Department, it was observed that recovery against library books defaulters to the tune of Rs. 1,675,706 was still recoverable. The details are as under.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	University of the Punjab	2017-18	29957	1,315,748
2.	UET, Lahore	2017-18	28770	240,890
3.	UET, Lahore	2016-17	24062	119,068
Total				1,675,706

Audit was of the view that weak supervision on part of the management resulted in loss to the tune of Rs.1,675,706

The matter was pointed out to the formations during audit conducted in November 2017 and August 2018. The formations at Sr.Nos.1 & 2 stated that 67 books having value of Rs.88,177 and books of Rs.11,785 had been received from the students respectively. The formation at Sr.No.3 noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends an inquiry to fix responsibility besides recovery of the amount due from the concerned.

10.4.91 Recovery on account of less deposit of sale proceed of prospectus- Rs.1.33 million

According to Rule 4.1(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Higher Education Department, it was observed that recovery on account of less deposit of sale proceed of prospectus was still outstanding against the responsible. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of recovery	Amount (Rs.)
1.	Lahore College for Women University, Lahore	2016-17	23428	Less deposit of sale proceed of prospectus	460,000
2.	Fatima Jinnah Women University Rawalpindi	2017-18	30558	Irregular Distribution of Prospectus free of cost Loss	326,000
3.	Lahore College for Women University, Lahore	2016-17	23429	Issue of prospectus free of cost and less physical balance of prospectus	274,500
4.	Govt. College University, Sialkot	2017-18	26796	Less credit of prospectus sale amount	267,350
Total					1,327,850

Audit was of the view that weak supervision on part of the management resulted in loss.

The matter was pointed out to the formations during audit conducted in November 2017 and August 2018. The formations at Sr. No.1, 2 & 3 stated that the matter is being reconciled and detail reply shall be submitted. The formation at Sr. No. 4 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends an inquiry to fix the responsibility besides recovery of the stated amount.

Others

10.4.92 Non auction of unserviceable stores-Rs.53.69 million

As per Finance Department letter No.FD(SO)M-I/1-1/2001-PAC Directive (P-I) dated 24.01.2017 ,it was directed that all administrative departments should ensure auction of entire unserviceable stores/stocks lying with the departments , sub-ordinate offices , Autonomous/Semi-autonomous bodies under the administrative control within 90 days after observing procedural formalities. As required under rules 15.3 of PFR, Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of accounts of various formations of the Higher Education Department, it was observed that various items/vehicles/raddi were lying/unserviceable and depreciating with the passage of the time. (Annexure-42)

Audit was of the view that lapse occurred due to weak supervisory and internal controls on auction.

The irregularity was pointed out in Feb to April and July to Nov 2018. All the formations noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.20 kept pending for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that vehicles and other articles be auctioned and after due diligence and sale proceeds be credited into the Government Treasury besides strengthening of the internal controls on inventory and assets management.

10.4.93 Award of contracts for canteens, bookshops and fruit farms without open competition-Rs. 42.24 million

As per Rule 19(b) of Delegation of Financial Power Rules 2006, auctioning of service outlet/canteen, leases of fruit trees and sale of grass growing in the compounds of Government Buildings/Land be openly auctioned for a period not exceeding one year at a time.

During audit of Higher Education Department, it was observed that the contracts of operating the canteens, bookshops and fruit farms were made with various contractors worth Rs. 42,236,861 (Annexure-43) without open auction through advertisement in violation of above stated instructions.

Audit was of the view that violations of stated rules resulted in irregular contracts.

The matter was pointed out to the concerned formations from February to May and July to November 2018. All the formations noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.9 kept pending for production of record. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the non observance of PPP rules be investigated to fix responsibility besides getting the irregularity condoned from competent authority.

10.4.94 Irregular payment of low power factor penalty- Rs.11.13 million

According to WAPADA tariff C-2, average power factor of the consumer governed by this tariff at the point of supply shall not be less than 90 percent. In the event of said power factor below 90% of the sanctioned load, the consumer shall pay penalty of 2% decrease in power factor below 90%.

During audit on the accounts of following universities of the higher Education Department, scrutiny of electricity bills revealed that Rs. 11,134,818 was paid to LESCO and MEPCO on account of “low power factor penalty” irregularly which was above 50% of the total amount paid against electric consumption. No remedial measures were taken by the management to avoid the payments of penalty.

Sr. No	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	BZU Multan	2017-18	26749	6,363,347
2.	University of Punjab, Lahore	2016-17	23832	2,323,471
3.	University of Punjab, Lahore	2017-18	30039	1,568,032
4.	University of Engineering & Technology, LHR	2017-18	28741	574,560

Sr. No	Name of formation	Period of audit	PDP No.	Amount (Rs.)
5.	Lahore College for Women University, Lahore	2017-18	28323	203,465
6.	UET Lahore	2016-17	24047	101,943
Total				11,134,818

Audit is of the view that lapse occurred due to non- existence of supervisory and financial controls.

The matter was pointed out to concerned formations from February to May and July to November 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be taken up with the higher authorities of LESCO for waiving off low power factor penalty cost and amount already paid be got adjusted in future besides strengthening the supervisory controls.

10.4.95 Encroachment and illegal occupation of government land

As per rule 2.33 of PFR Vol-I, every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Higher Education Department, it was observed that Government precious land was found under illegal occupation since long. No strenuous efforts were evident from record to get the illegal occupation vacated from the illegal occupants. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Area of encroachment	Location
1.	Govt Science College Wahdat Road, Lahore	2016-17	26021	40 Kanals and 18 Marals	Wahdat Road, Lahore

Sr. No.	Name of formation	Period of audit	PDP No.	Area of encroachment	Location
2.	BISE, D.G. Khan	2017-18	26140	1½ Marla (commercial plat)	DG Khan
3.	Queen Marry College/School, Lahore	2017-18	30160	Plaza on 8 marlas land	Adjacent with Queen Marry Lahore
4.	University of the Punjab, Lahore	2016-17	23829	12 Acre	Lahore
5.	University of the Punjab, Lahore	2017-18	30081	12 Acre	Lahore

Audit was of the view that weak internal controls on management of assets resulted in illegal occupation of land.

Audit pointed out the matter in February to May and July to November, 2018. Most of the formations replied that efforts are being made to vacate the land rest did not offer any reply.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.1 was kept pending being sub-judice with the direction to vigorously pursue the case. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be inquired at the PAO level and appropriate steps may be taken and land from illegal occupants be got vacated immediately.

10.4.96 Non maintenance of separate fee demand/studentfund registers Rs. 5,251.10 million

As per government instructions contained in Para 2 (xix) of notification No SO (A-I)1-47/2010 dated 29.11.2010, of Higher Education Department, the College council shall have supervisory/advisory role “to

cause proper books of accounts to be kept for all sums of money received and expended by the college and for the assets and liabilities of the college. As per respective Act of the various universities the responsibility of the Treasurer who shall maintain the record about finances of the university.

During audit on the accounts of Higher Education Department, it was observed that an amount to the stated extent were shown collected from students but separate cash book for each fund/fee was not maintained by the management. Audit held that separate maintenance of the cash book of each fund/fee, the receipt utilization and balances of each fund cannot be worked out. Moreover, amount of expenditure incurred for specified purpose of each fund cannot be ascertained.

Sr. No.	Name of formation	Period of audit	PDP No.	Brief description of irregularity	Amount (Rs.)
1.	University of the Punjab Lahore	2017-18	30015	Doubtful expenditure out of funds accounts due to non recording of entries in funds cash books	3,565,685,000
2.	Bahaudding Zakariya University, Multan	2017-18	26736	Non maintenance of fee demand register of students	1,165,684,000
3.	University of Education, Lahore	2017-18	26174	Non maintenance of cash book/bank accounts of students	455,078,754
4.	Govt. College of Commerce Gujrat	2012-18	30419	Non maintenance of classified register and fee demand register of students	24,084,509
5.	The University of Punjab, Lahore	2017-18	30026	Doubtful expenditure by the heads of departments due to non recording of entries in cash book	19,535,019

Sr. No.	Name of formation	Period of audit	PDP No.	Brief description of irregularity	Amount (Rs.)
6.	Government Women University, Multan	2016-18	29421	Irregular maintenance of account of pension in the bank	16,584,000
7.	Govt. College of Commerce Wazirabad	2012-18	29004	Non maintenance of classified register and fee demand register of students	2,263,533
8.	Govt. College of Comm. Hunza Block Allama Iqbal Town Lahore	2016-17	26034	Non maintenance of classified cash abstract and separate cash book/bank account for each student fund against collection	1,765,545
9.	Govt. Queen Marray College Lahore	2017-18	30174	Improper maintenance of distribution record of stationery	415,001
Total					5,251,095,361

The lapse was occurred due to weak supervisory and financial controls.

The matter was pointed out during Feb to May and July to Nov. 2018. Most of the DDOs noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 10.10.2018, the para at Sr. No.8 kept pending for compliance. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends probe of the matter for fixing the responsibility for such lapse besides strengthening internal control.

**10.4.97 Unjustified payment of custom duty on imported items
Rs.10.78 million**

Government of Pakistan, Ministry of Foreign Affairs vide diary No.6166 dated 15.07.2015 asked the university authorities to return the UNDP vehicles which were not returned after the completion of UNDP projects and retained in unauthorized use by the university management since last many years. Further, As per SRO 9915, the educational institutions are exempt from levy of duties at the time of import.

During audit of Higher Education Department, audit observed that university management had imported Daikin Air Cooled Roof Top AC (HVAC) of Malaysian origin through LC and paid Rs. 6,368,835 on account of custom duty, storage charges and penalty of late clearance of equipment, due to negligence of the management. Further, an amount of Rs. 4,416,239 was incurred on the payment of custom duty and taxes of 04 UNDP vehicles under the unauthorized use of the university management and not returned to UNDP despite the instructions of Ministry of Foreign Affairs.

The above lapse was occurred due to financial and supervisory controls of the university management.

The matter was reported in November 2017, the management replied that matter had been taken with the appropriate forum.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter being serious in nature be probed to arrive at factual position, fixing of responsibility and taking action against the defaulter.

*(PDP No-23445 of LCWU-2016-17)
(PDP. No.28381 of GCU, Faisalabad, 2016-18)*

10.4.98 Undue financial benefit due to non obtaining of additional performance security Rs. 64.72 million

As per general direction No.26 (A) of the agreement read with Finance Department's letter No.RD (Tech) FD-1-2/83/VI (P)s - dated 24.01.2006, if contractor quotes his rates below 5% or more, additional performance security at the percentage equivalent to the percentage on which tender is accepted shall be obtained from the contractor within 15 days of the receipt of the acceptance.

During audit of Higher Education Department, it was observed that the contractors quoted more than 5% below rates against technical sanction estimates. The department did not obtain additional performance securities in the shape of bank guarantee. Non-adherence to contract clause resulted in undue benefit to the firms.

Sr. No.	Name of formation	Period of audit	PDP No.	Brief description of irregularity	Amount (Rs.)
1	UET Lahore	2017-18	28767	Non revalidation of performance Security after expiry	41,488,000
2	UET Lahore	2017-18	28749	Non revalidation of bank guarantee expired on mobilization advance.	11,112,000
3	University of Sargodha, Sargodha	2017-18	30352	Unjustified financial benefit due to non obtaining of additional performance security	6,373,000
4	The University of Punjab, Lahore	2017-18	30060	Undue financial benefit to non obtaining to performance security	2,900,000
5	UET Taxila	2017-18	26833	Non obtaining of additional performance security after expiry	1,505,395

Sr. No.	Name of formation	Period of audit	PDP No.	Brief description of irregularity	Amount (Rs.)
6	University of Gujrat	2016-18	28821	Non-verification of performance/bank guarantee	895,000
7	University of Punjab, Lahore	2016-17	23919	Non obtaining of additional performance security due to quoting rates above 5% than technical sanction estimates	449,771
Total					64,723,166

Weak supervisory and financial controls resulted in undue financial benefit to contractors.

Audit pointed out the observation in Feb to May and July to Nov 2018. University management replied that the additional performance securities have been obtained.

Audit recommends that additional performance securities of all works may be obtained/revalidated from the contractor besides strengthening the supervisory and financial internal controls.

10.4.99 Doubtful payment of arrears to SNGPL- Rs.90,469

As per Rule 2.20 of PFR Vol-I, As a general rule every payment, including repayment of money previously lodged with Government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim. As far as possible, the particular form of voucher applicable to the case should be used. Suppliers of stores and others should be encouraged to submit their bills and claims in proper departmental forms. But bill not prepared in such forms should not be rejected if they set forth the necessary details of the claims. In such cases, the additional particulars required should be added by the disbursing officer.

During the audit of Queen Marry College Lahore for the year 2017-18, it was observed that Sui Gas bill for Rs.195,980 was paid out of

the establishment hostel against the bill for month July 2017 including arrears of Rs. 90,469.72. Neither unpaid bill for June 2017 was attached with the claim nor reasons for non-payment of the bill told to audit.

Audit was of the view that non production of relevant documents made the payment doubtful.

Audit pointed out the matter in October, 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that original unpaid bill of Sui Gas may be shown to audit. Moreover, it may also be confirmed that the said bill was not already drawn from the accounts of previous year of college. In future, bills may be passed only for current amount without arrears to avert likelihood of any fraud or misappropriation.

(PDP No. 30181-Queen Marry College Lahore-2017-18)

10.4.100 Loss due to purchase of defective bottles-Rs.75,986

Rule 2.33 of PFR Vol-I states that every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on.

During audit of the accounts for the year 2017-18 of University of Sargodha, Khush-Aab water unit, audit observed that the university suffered loss of Rs.75,986/- due to leakage of 600ml, 1.5 liter, and 19 liter

bottles when it was filled with the water. Neither the matter was taken up with the supplier of empty bottles nor was the mechanism developed to declare a bottle leaked/unfit.

Due to weak management controls the university suffered loss to the above stated extent.

The matter was pointed out in October 2018. The management stated that probe report shall be provided later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to develop a mechanism to declare a bottle leaked as no proper approval was got from competent authority regarding declaration of bottles leaked besides recovery of loss either from the supplier of empty bottles or from the staff found guilty and to strengthen the supervisory and internal controls.

(PDP No. 30375of University of Sargodha for the year 2017-18)

10.4.101 Irregular transfer of vehicle.

As per rule 2.33 of PFR Vol-I, every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Board of Intermediate & Secondary Education, D.G. Khan for the financial year 2017-18, it was observed that department had transferred the vehicle No. DGR.1212 to the Secretary Higher Education Department, Lahore on verbal order of the Deputy Secretary Higher Education Department.

Audit was of the view that the lapse occurred due to weak internal controls on management of assets.

The matter was pointed out during audit in Nov 2018, the management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at the PAO level and action taken for retrieval of vehicle in good condition from quarters concerned under intimation to audit.

(PDP No. 26155- BISE, DG Khan for the year 2017-18)

CHAPTER 11

HOME DEPARTMENT

11.1 Introduction

Home Department comprises six attached departments. As per Rules of Business 2011, the department has been assigned the business of:

- Public Order and internal Security.
- Arms, ammunition & military stores.
- Matter relating to police establishment and administration institutions.
- Prisons, reformatories, remand homes, borstal and similar institutions, classification and transfer of prisoners; state, political and martial law prisoners, good conduct prisoners and Probation Release Act.
- Protection of key points and vital installations.
- Recovery of missing persons.
- Enforcement of provisions of Motor Vehicle Ordinance, 1965 and rules thereunder relating to control of traffic and inspection and checking of motor vehicles for the purpose of traffic control.
- Appointment of non-official visitors for the jail.
- Hoarding and Black-marketing.
- Civil Defence and Afghan Refugees.

11.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Home Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of six grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	11,001.754	(6,266.840)	4,734.914	4,534.223	(200.690)
PC21012	9,172.044	52.563	9,224.607	8,661.984	(562.623)
PC21013	95,597.526	5,607.651	101,205.177	100,241.892	(963.285)
PC21031	0.300	(0.100)	0.200	3.402	3.202
PC22032	888.120	30.997	919.117	657.616	(261.501)
PC22036	3,210.941	5,876.763	9,087.704	9,085.836	(1.867,536)
Total	119,870.685	5,301.034	125,171.719	123,184.954	(1,986.765)

Overview of Expenditure

The final budget of Home Department for the year ended 30 June, 2018 was Rs. 125,171.719 million. Out of this, actual expenditure was Rs. 123,184.954 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	116,659,744,000	114,099,117,640	(2,560,626,360)	2.20
Development	3,210,941,000	9,085,836,464	5,874,895,464	182.96
Total	119,870,685,000	123,184,954,104	3,314,269,104	2.76

During the year, due to supplementary grants and surrenders, this composition changed. Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	116,084,015,000	114,099,117,640	(1,984,897,360)	1.71
Development	9,087,704,000	9,085,836,464	51,307,764	0.56
Total	125,171,719,000	123,184,954,104	(1,986,764,896)	1.59

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (1983.563) million at the close of the year 2017-18 under grants PC21012, PC21013, PC21010 & PC21031, PC22032 & PC22036 were not surrendered in time by the Department.

Excess expenditure requiring regularization

As per Para 13.2 (ii) of Punjab Budget Manual, the total expenditure incurred on a purpose should not exceed the grant or grants provided for that purpose. However, there had been excess expenditure amounting to Rs. 3.202 million for the year 2017-18 under grant PC21031. This was breach of legislative control over appropriations which needs to be regularized.

11.3 Brief comments on the status of compliance with PAC Directives

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1984-85	28	22	6	79
2	1985-86	35	32	3	91
3	1986-87	25	21	4	84
4	1987-88	22	16	6	73
5	1988-89	96	76	20	79
6	1989-90	10	2	8	20
7	1990-91	29	15	14	52
8	1991-92	27	14	13	52
9	1992-93	19	7	12	37
10	1993-94	11	6	5	55
11	1994-95	21	4	17	19
12	1995-96	16	0	16	0
13	1996-97	38	13	25	34
14	1997-98	122	47	75	39
15	1998-99	190	118	72	62
16	1999-00	323	183	140	57
17	2000-01	577	493	84	85
18	2001-02	345	238	107	69
19	2003-04	121	0	121	0
20	2005-06	140	11	129	8
21	2006-07	123	12	111	10
22	2009-10	229	17	212	7
23	2010-11	150	19	131	13
24	2011-12	246	48	198	20
25	2012-13	366	64	302	17
26	2013-14	149	41	108	28
Total		3458	1519	1939	44

The downward trend in the status of compliance with PAC directives in Home Department is continuing since 2005-06. As regards previous years, the same is prevailing for the years 1989-90, 1994-95 and 1995-96.

11.4 AUDIT PARAS

Fraud/ Misappropriation

11.4.1 Fraudulent withdrawal of pay and allowances-Rs 21.06 million

As per Rule 2.33 PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part.

During audit of Home Department, it was observed that an amount of Rs. 21,059,935 was withdrawn fraudulently on account of pay and allowances. The details are as under:

Sr. No.	Name of Formation	Period of audit	PDP No	Audit Remarks	Amount (Rs)
1	District Jail Gujrat	2015-18	27323	Fake withdrawal of pay and allowances for the absent / removal from service periods.	16,677,870
2	S.S.P Tele-communication	2016-17	23971	Salaries of two officials drawn against single bank account number for eight years.	4,208,171
3	Central Jail Gujranwala	2017-18	29855	Double drawl of pay and allowances charged for same period on the event of transfer to other Jail.	173,894
Total					21,059,935

Audit was of the view that weak supervisory and internal controls over payroll led to the embezzlement of Rs. 21,059,935.

The matter was pointed out to concerned formations in March, August & November 2018. The formations at Sr. Nos. 1 & 3 noted the observations for compliance. The formation at Sr. No. 2 replied that matter had been taken up for correction.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends investigation at administrative level, fixing responsibility for the lapse besides immediate recovery of loss involved.

11.4.2 *Embezzlement due to affixing bogus or less driving license tickets- Rs. 2.06 million*

As per Rule 2.33 PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part. Moreover, as per Rule 2.1 (a) *ibid*, every government servant is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the relevant account as well as for the correctness of the account in every respect.

During audit of Deputy Inspector General of Police Traffic Punjab, Lahore for the period 2017-18, scrutiny of the office order file revealed that one SI of Traffic Punjab was dismissed from service on the charges of affixing bogus/less driving license tickets. The embezzled money was not recovered from responsible despite lapse of considerable time.

Audit was of the view that weak supervisory and administrative controls led to the embezzlement of Rs. 2,055,280.

The matter was pointed out to concerned formation in August 2018. The formation noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends immediate recovery besides strengthening of internal controls to avoid recurrence of such lapse in future.

(PDP No.27448 – Deputy Inspector General Police Traffic Lahore – 2017-18)

11.4.3 Loss due to theft of weapons/vehicle-Rs. 3.78 million

According to Rule 2.35(2) of PFR Vol-I, losses occurring in offices, as soon as they occur or come to notice, should be at once reported, through the immediate departmental superior of the Government servant reporting the loss, to the Head of the Department concerned, with a statement of the steps taken in matter. When the matter has been fully inquired into a further and complete report should be submitted of the nature and extent of loss showing the errors or neglect of rules by which such loss was rendered possible and the prospects of effecting a recovery. The report on a loss occurring in the office of a Head of a Department may be submitted direct to Government.

During audit of Home Department, examination of record revealed that weapons and two vehicle valuing Rs. 3,775,000 approximately were stolen/misappropriated not received back from the concerned officials/office as detailed below:

Sr. No.	Name of formation	Period of audit	PDP No	Item stolen / misappropriated	Amount (Rs)
1	PC, Battalion No.1 Lahore	2017-18	29176	Rifle and Pistol etc.	1,145,000
2	Deputy Inspector General of Police (Operations) Lahore	2017-18	30621	Two vehicles	1,000,000
3	City Police Officer, Multan	2016-17	25021	Rifle	820,000
4	DPO Jhang	2017-18	25274	Guns	500,000
5	City Police Officer, Multan	2016-17	25022	Pistol and wireless set	310,000
Total					3,775,000

Audit was of the view that weak internal controls on asset management, resulted in theft/misappropriation of weapons.

The matter was pointed out to concerned formations in October 2017 and August & October 2018. The formations at Sr. Nos. 1 & 4 noted the observations for compliance. In remaining cases no reply was furnished.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends investigation and immediate recovery of precious assets besides strengthening supervisory controls to avoid recurrence of such lapses in future.

11.4.4 Misappropriation of POL-Rs. 474,664

As per Rule 2.33 PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part.

During audit of Home Department, it was observed that POL valuing Rs. 474,664 was misappropriated due to the grounds mentioned below:

Sr. No.	Name of formation	Period of audit	PDP No	Audit remarks	Amount (Rs)
1	City Police Officer, Multan	2016-17	25023	3446 liters POL misappropriated in log books by the drivers	299,802
2	DPO Narowal	2016-18	27011	POL was charged against condemned vehicles	174,862
Total					474,664

Audit was of the view that weak supervisory controls led to the misappropriation of POL valuing Rs. 474,664.

The matter was pointed out to concerned formations in October 2017 and July 2018. The formation at Sr. No. 1 did not offer any comment. The formation at Sr. No. 2. Noted the observations for compliance

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends investigation, fixing the responsibility for the loss besides its immediate recovery.

11.4.5 Excess withdrawal of amount from government account-Rs. 350,000

As per Rule 2.33 PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part.

During audit of District Police Officer D.G. Khan for the period 2016-17, it was observed that Rs. 350,000 was excess drawn and shown paid to PTCL by preparing forged / tempered documents for installation of 1 Mbps BIP connectivity over rental wireless solution.

Audit was of the view that weak supervisory and administrative controls led to the excess withdrawal of public money.

The matter was pointed out to concerned formation in August 2017. The formation noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends immediate inquiry to fix responsibility besides recovery of loss and strengthening internal controls to avoid recurrence of such lapse in future.

(PDP No.24302 – DPO D.G.Khan – 2016-17)

Non Production of record

11.4.6 Non production of record

As per Section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the audit functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, Punjab Finance Department letter No. FD (M1) III-2/87(P-III) dated 22.02.1994 provides that DDO himself will be responsible for production of record to audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/ Chief Secretary.

During audit of Home Department, some auditable record was not produced to Audit despite repeated requests. The details are given in (Annexure-44).

Audit was of the view that due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was pointed out from July 2017 to November 2018. The managements at Sr. Nos. 1, 9, 16, 29, 34, 41, 47, 53 & 54 did not offer any cogent reply. The managements at Sr. Nos. 2, 5, 8, 11, 21, 22, 24, 25, 27, 31, 33, 36 to 38, 43, 46, 49, 50 & 58 did not offer any reply.

The managements at Sr. Nos. 3, 6, 14, 17, 32, 51, 52, 57, 59 & 61 noted the observations. The rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

Irregularity & Non Compliance

11.4.7 Irregular expenditure in violation of Punjab Procurement Rules-Rs.13,298.85 million

According to Rules 4, 8, 9 (1&2), 22, 37 & 66 of the Punjab Procurement Rules 2014, a procuring agency shall:

- Devise annual planning for all proposed procurement with the object of realistically determining the requirements of the procuring agency.
- Announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.
- Advertise in advance annual requirements for procurement on the website of the Authority as well as on its website.
- Use open competitive bidding or publication of request for tender as the principal method of procurement for the procurement of goods, services and works.

- 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.
- A procuring agency shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.
- As soon as a contract has been awarded, the procuring agency shall make all documents related to the evaluation of the bid and award of contract public. The documents should be uploaded on PPRA website to be approachable by general public.

During audit of Home Department, it was observed that expenditure of Rs. 13,298,852,315 (Annexure-45) was incurred on procurement of goods and services relating to different heads of accounts without observing above stated rules.

Audit was of the view that non observance of PPR 2014 led to a non transparent process of procurement.

The lapses were pointed out to the concerned formations from July 2017 to November 2018. The managements at Sr. Nos. 2, 11, 20, 60, 90, 102, 113, 137, 171, 197, 199, 201, 221, 231, 234, 235, 245, 247, 260, 266, 278, 279& 289 did not offer cogent replies. The managements at Sr. Nos. 8, 12, 14, 19, 21, 24, 31, 39, 41, 45 to 48, 70, 74, 75, 80, 84, 86, 99, 100, 106, 112, 119, 124, 125, 128, 130, 136, 142, 145, 158, 178, 188, 189, 195, 196, 207, 229, 239, 248, 250, 251, 253, 261, 264, 268, 271, 272, 287, 288& 291 did not offer any reply. The managements at Sr. Nos. 1, 3, 4,

25, 26, 36, 56, 57, 64, 81, 85, 105, 111, 131, 148, 152, 159, 160, 164, 165, 169, 176, 180, 198, 205, 236 did not offer any satisfactory reply. The rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed to fix responsibility besides regularization of expenditure from the competent authority.

11.4.8 Lapse of funds due to non-surrendering of savings-Rs. 661.13 million

According to Para No.14.3 of Punjab Budget Manual, the Heads of Departments should submit, to the Finance Department, the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Home Department, it was observed that first and second statements of excesses and surrenders were not submitted to Finance Department through Principal Accounting Officer due to which an amount of Rs. 661,126,578 (Annexure-46) was lapsed.

Audit was of the view that weak management and financial controls resulted in non-surrendering of savings.

The matter was pointed out to concerned formations from February to November 2018. Formations either noted the observations for compliance or did not provide cogent replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to government instructions and seek condonation of irregularity from the Finance Department.

11.4.9 Excess expenditure-Rs. 1,400.343 million

As per Rule 17.15 of PFR Vol-I, no Government servant may, without previously obtaining an extra appropriation, incur expenditure in excess, of the amount provided for expenditure, under the heads concerned, and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Home Department, it was observed that an expenditure of Rs.1,400,343,063 (Annexure-47) was incurred in excess than budget allocation.

Audit was of the view that weak internal controls over “Appropriations” resulted in to excess expenditure than budget allocation.

The matter was pointed out to concerned formations from February to November 2018. The formations either noted the observations for compliance or did not provide cogent replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions besides regularization of expenditure from the Finance Department.

11.4.10 Irregular mode of disbursement of pay and allowances-Rs. 175.17 million

As per Finance Department letter No.SO(TT)2-2/72-Pt-I dated 19.07.2008, monthly salary of all Government employees may strictly be disbursed through their bank accounts alone; failing which the salary of defaulting employees may be stopped.

During audit of Home Department, it was observed that an amount of Rs. 175,173,711 was disbursed as pay & allowances to the officials through cash instead of bank accounts of the employees in contravention of above government instructions.

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	CPO Faisalabad	2016-17	24494	97,876,122
2	SSP Telecommunication Lahore	2016-17	23982	27,833,926
3	Central Jail Lahore	2016-17	23956	13,064,548
4	Police Training School Farooqabad Sheikhupura	2017-18	29229	10,171,968
5	CPO Rawalpindi	2017-18	26066	7,712,685
6	DIG Operations	2017-18	30617	4,460,640
7	Punjab Constabulary Battalion Commander No. 1 Lahore	2016-17	23726	3,669,457
8	Superintendent District Jail Lahore	2016-17	25611	3,454,429
9	DPO R.Y Khan	2016-18	29259	2,413,109
10	Finger Print Bureau Lahore	2014-17	23717	1,701,691
11	Central Jail Mianwali	2016-18	27244	1,459,488
12	PC Battalion 2 Rawalpindi	2016-18	26990	781,564
13	Principal Police Training School Rawalpindi	2014-18	26942	320,189
14	PC Battalion 7 Lahore	2016-17	25774	253,895
Total				175,173,711

Audit was of the view that weak management and financial controls resulted in irregular mode of payment.

The matter was pointed out to concerned formations from February to November 2018. The formations either noted the observations for compliance or did not offer reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to government instructions and seek condonation of irregularity from the Finance Department.

11.4.11 Unauthorized mode of payments -Rs. 184.91 million

As per Note 2 below Rule 4.49 of Subsidiary Treasury Rules, no payment in excess of Rs. 10,000 can be made in cash to contractors. As per Finance Department letter No. F.D. (FR) v-6/75 (P) dated 20.06.2007, the limit was further enhanced to Rs. 100,000.

During audit of Home Department, it was observed that payments amounting to Rs. 184,909,895 were made to various contractors, suppliers and employees in cash in violation of above rule/government instructions. The payments were, therefore, held irregular.

Audit was of the view that disregard to rules and government instructions resulted in irregular payments through cash.

The matter was pointed out to concerned formations from February to November 2018. The managements at Sr. Nos. 4, 12 & 13 did not offer replies while the remaining formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the rules and government instructions while making payments and seek condonation of irregularity from the Finance Department.

Sr. No.	Name of formation	Year	PDP No.	Amount (Rs.)
1	District jail Lahore	2017-18	30585	55,654,105
2	SSP Telecommunication Lahore	2016-17	23976	49,475,448
3	DPO Narowal	2016-18	26994	21,888,123
4	DPO RY Khan	2016-18	29242	9,126,089
5	District Jail Gujrat	2015-18	27330	8,911,223
6	Superintendent District Jail Lahore	2016-17	25608	8,070,353
7	DPO D.G Khan	2016-17	24301	6,870,503
8	District Jail M.B. Din	2015-18	28621	11,033,740
9	Central Jail Gujranwala	2017-18	29852	3,961,085
10	Elite Police Training School Lahore	2016-17	25445	3,088,624
11	District Jail M.B Din	2015-18	28617	2,516,920
12	SP PHP Gujranwala	2016-18	27605	1,604,376
13	District Jail Faisalabad	2015-18	26974	1,323,960
14	Commandant Police College Sihala R/Pindi	2016-17	23755	716,763
15	Police Training School Multan	2015-18	28554	668,583
Total				184,909,895

11.4.12 Irregular payment of pending liabilities-Rs. 261.09 million

Rule 17.18 of PFR Vol-I states that under no circumstances may charges incurred be allowed to stand over to be paid from the grant of another year. If possible, expenditure should be postponed till the preparation of a new budget has given opportunity of making provision and till the sanction of that budget has supplied means; but no account may charges be actually incurred in one year and thrown on the grant of another year.

During audit of Home Department, it was observed that payments of Rs. 261,089,762 (Annexure-48) pertaining to previous year were made

from the budget allocation of current financial year in contravention to above mentioned rule.

Audit was of the view that weak supervisory and financial controls resulted in payment of pending liabilities.

The matter was pointed out to concerned formations from February to November 2018. The formations at Sr.Nos. 1,2, 4 to 6, 12, 13, 15& 16 noted the observations while the managements at Sr. Nos. 3, 11, 14, 17, 20& 21 did not offer replies. The rest of the managements did not offer any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

11.4.13 Expenditure charged to irrelevant object head-Rs. 58.98 million

According to rule 3.15 of PFR Vol-I, all transactions of receipt and payment occurring at a treasury should be classified in the treasury accounts in accordance with the provisions of Chapter II of Account Code, Volume II. Further, the paragraph 5 of FD letter No.PS/FS/808/78 dated 26.08.1978 states that the Principal Accounting Officer should issue instructions to the controlling and disbursing officers that all payment are correctly classified under the appropriate heads of accounts.

During audit of Home Department, it was observed that amount of Rs. 58,978,508 (Annexure-49) was drawn against irrelevant head of account in contravention to the above mentioned government instructions.

Audit was of the view that weak internal controls over appropriations resulted in misclassification of expenditure.

The matter was pointed out to concerned formations from February to November 2018. Most of the formations noted the observations for compliance while the rest did not provide cogent replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

11.4.14 Irregular expenditure on cost of investigation-Rs. 130.91 million

As per Rule 2.10(a) (1) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of its own money. Moreover, as per Rule 2.20 of PFR Vol-I, as a general rule every payment, including repayment of money previously lodged with Government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim.

During audit of Home Department, it was observed that a sum of Rs.130,905,562 was drawn and incurred as expenditure under head “cost of investigation”. The details are as under:

Sr. No.	Description of Para	Year	PDP No.	Amount (Rs.)
1	DIG Investigation (CCPO) Lahore	2017-18	29820	61,463,700
2	DPO Kasur	2016-18	27275	12,956,900
3	CPO Rawalpindi	2017-18	26063	12,186,000

Sr. No.	Description of Para	Year	PDP No.	Amount (Rs.)
4	DPO Sialkot	2017-18	26684	8,555,000
5	DPO Jhang	2017-18	25282	4,948,900
6	DPO Lodhran	2016-18	27578	4,712,279
7	CPO Faisalabad	2016-17	24485	4,238,900
8	DPO DG Khan	2016-17	24293	4,171,046
9	DPO RY Khan	2016-18	29251	4,082,160
10	DPO T.T Singh	2016-18	26849	4,074,119
11	DPO Attock	2016-18	26867	3,526,000
12	CTD Lahore	2016-17	25902	3,245,230
13	CPO Faisalabad	2017-18	27549	2,526,544
14	Addl. I.G. of Police Investigation Lahore	2014-17	25755	218,784
Total				130,905,562

The expenditure was held irregular on the following grounds.

- Major portion of the expenditure was incurred on hiring of private vehicles in spite of having a large number of government vehicles for the purpose of investigation. Further, bills of rent a car were found without reference number & date, particulars of departure/arrival and receipted acknowledgment of payment was not found.
- FIR ledger register was not maintained to verify the expenditure on cost of investigation.
- The expenditure incurred on account of drawing of maps and meal charges was also found without vouched account.

Audit was of the view that weak supervisory and financial controls resulted into irregular payments.

Matter was pointed out to concerned formations from February to November 2018. Most of the formations noted the observations while the managements at Sr. Nos. 7 & 9 did not offer replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends to get the expenditure regularized with the sanction of competent authority.

11.4.15 Poor Human Resource Management-Rs. 20.79 million

As per Finance Department letter No.FD/SRIV-8-1/76(Prov) dated 20.03.1988, in case of Government servant is required to work at a station other than his headquarter for a period in excess of three months, the proper course for the department would be to approach Finance Department with full justification for creation of the post at the required station and its abolition of the post at the original headquarter.

During audit of Home Department, it was observed that some officials were temporarily posted from the actual place of duty to other stations for the periods exceeding three months in violation of above government instructions. Thus, payment of salaries to the officials amounting to Rs. 20,793,093 was held irregular.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Commandant Police Training College Chung Lahore	2017-18	27307	3,252,132
2	Central Jail Lahore	2016-17	23958	2,898,002
3	Elite Police Training School Lahore	2016-17	25447	2,564,268
4	District Attorney Gujranwala	2013-18	27438	1,761,840
5	SP PHP Gujranwala Region Gujranwala	2016-18	27598	1,748,594
6	District Jail R Y Khan	2015-18	28582	1,604,137
7	Probationer Officer Sahiwal	2003-18	27434	1,268,487
8	Central Jail Lahore	2017-18	29840	1,171,430
9	Superintendent District Jail Chakwal	2016-18	28637	937,810
10	District Jail Bahawalnagar	2015-18	28628	863,952

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
11	Central Jail Rawalpindi	2017-18	26962	749,722
12	Police Training School Multan	2015-18	28545	741,789
13	Superintendent Borstal Institute & Juvenile Jail Bahawalpur	2017-18	28651	660,680
14	The I.G of Prisons Punjab Lahore	2016-17	25630	429,754
15	Superintendent District Jail Lahore	2016-17	25626	140,496
16	Punjab Safe Cities Authority Lahore	2015-18	27653	-
17	DIG Prison Multan Region Multan	2013-18	26694	-
Total				20,793,093

Audit was of the view that posting of the officials at other stations for long periods indicated that the services of these officials were not required at the places where they were posted but were required at other stations.

The irregularity was pointed out to concerned formations from February to November 2017. The managements at Sr. Nos. 1, 2, 4 to 8, 11, 12 & 15 noted the observations. The managements at Sr. Nos. 5, 9, 10 & 13 did not offer replies. The remaining formations did not provide any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions, seek condonation of irregularity from the Finance Department and take steps to reconsider the sanctioned strength of staff as per requirement.

11.4.16 Irregular/doubtful payment of cash reward-Rs. 37.93 million

The reward of cash to subordinate police officers / officials should not be given for the proper performance of ordinary & routine duties, but

for special merit in any branch of police activities as required in chapter XV-Rewards of Police Rules 1934, rule 15.10(ibid) requires that “in cases where rewards have been granted to police officers/officials in recognition of work of an exceptionally meritorious or dangerous nature, or in circumstances which are of interest to the public or to the police force as a whole, a report in Form 15.10 shall be furnished, through the DIG of police of the Range concerned, for record of the department which shall contain the names and full particulars of the persons rewarded and brief précis of the circumstances showing clearly the nature of the services rendered by the persons concerned”.

During audit of Home Department, it was observed that a sum of Rs. 37,932,940 was paid to various police officers / officials on account of cash reward but the cases were neither forwarded by any authority nor detail of special duties performed by the beneficiaries was available on record. The details are as under:

Sr. No.	Name of formation	Year	PDP No.	Amount (Rs.)
1	Child Protection and Welfare Bureau Lahore	2017-18	27028	9,078,690
2	DPO R.Y. Khan	2016-18	29237	4,947,850
3	CPO Multan	2016-17	25033	3,834,100
4	CPO Gujranwala	2017-18	26704	3,721,300
5	DPO T.T. Singh	2016-18	26851	3,588,000
6	RPO Faisalabad	2016-18	27586	3,093,000
7	DPO Kasur	2016-18	27268	3,006,000
8	DPO Sialkot	2017-18	26675	2,480,000
9	DPO Lodhran	2016-18	27577	2,055,000
10	CPTC Chung Lahore	2016-17	25586	1,372,000
11	DPO D.G. Khan	2016-17	24320	639,000
12	Inspector General of Police Punjab Lahore	2016-17	23054	118,000
Total				37,932,940

Audit was of the view that payment of cash reward without documentation of any special duty performed by the beneficiaries created doubt on the genuineness of payment.

The irregularity was pointed out to concerned formations from February to November 2018. Formation at Sr. No. 1 did not offer reply. The formation at Sr. No. 4 did not submit any cogent reply while the remaining simply noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to government instructions and seek regularization of expenditure from the Finance Department.

11.4.17 Irregular opening of bank account & non-maintenance of cash book-Rs. 19.77 million

Rule 9 (1) of Treasury Rules Punjab provides that a Government servant may not, except with the special permission of the Government, deposit in a Bank moneys withdrawn from the Consolidated Fund or the Public Account of the Province under the provisions of Section VII of these rules. Further, according to Finance Department's letter No. FD(FR)V-6/2, dated the 29th October, 1978 that a Government servant may not, except with the special permission of the Government deposit in Commercial bank moneys withdrawn from the Provincial Consolidated Fund or Public Account of the Province. Moreover, as per Finance Department letter No.FD(W&M)1-1/70-Vol-XI dated 18.12.2013, IG Punjab was required to operate bank account only in BOP. Further, according to Rule 17.19 of PFR Vol-I, it is also not permissible to draw advances from the treasury to prevent the lapse of appropriations.

During audit of Home Department, it was observed that bank accounts were opened by various offices but neither the permission of

Finance Department nor cash books of these bank accounts were shown to Audit. The amounts were unduly retained in these bank accounts.

Sr. No.	Name of formation	Year	PDP No.	Bank A/c No.	Amount (Rs.)
1	DPO R.Y Khan	2016-18	29234	Bank account (10359-8), maintained with BOP	19,769,000
2	PC Battalion Commander No. 1 Lahore	2016-17	23736	NBP 0356002200058265 & 035001300161539	-
3	CPO Rawalpindi	2017-18	26070	BOP 6010004933200011	-
4	DPO D.G Khan	2016-17	24319	NBP 4039454061	-
5	District Jail Attock	2016-18	27565	NBP 0315004149786334 & 6580031892500013	-
6	DPO Lodhran	2016-18	27583	NBP 70003026261786	-
7	SSP Police Training School Sargodha	2014-18	28574	NBP 4037600049 & MCB 0315739801007856	-
8	CCPO Lahore	2017-18	28671	NBP 221248-5 & HBL 0127004770601	-
9	SP PHP Bahawalpur	2016-18	28598	BOP 9350	-
10	DPO T.T. Singh	2016-18	26841	NBP 1924003002529050	-
11	DPO Attock	2016-18	26879	NBP 4148086502 & 4149429372	-
12	DIG Investigation (CCPO) Lahore	2017-18	29832	HBL 0012457900471303	-
13	DPO Jhang	2017-18	25278	Askari Bank Limited A/C No.2383, NBP Main Branch Jhang A/c No.19678-2 and 414635829,	-
Total					19,769,000

Audit was of the view that opening of bank accounts without permission of competent authority and non maintenance of cash book tantamount to serious irregularity on the part of management.

The irregularity was pointed out to concerned formations from February to November 2018. The managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department besides maintenance of cash books of the bank accounts.

11.4.18 Dubious payment to PQRs-Rs. 39.56 million

According to West Pakistan Qaumi Razaqars Rules 1966, all citizens of Pakistan of reliable character between the ages of eighteen to forty five years shall be eligible for the enrolment / selection as Police Qaumi Razaqar (PQR). Each recruit should be examined by an authorized medical doctor who should satisfy himself that each recruit is in good health and is fully capable of carrying out the duties of a Police Qaumi Razaqar.

During audit of Home Department, it was observed that an amount of Rs. 39,555,100 was drawn from Treasury for payment to PQRs on account of TA @ Rs. 2,000 per month and uniform allowance @ Rs. 1,000 per year. The ages of PQRs were not known. The appointment letters, terms & conditions of their appointment, approved sanctioned / actual month-wise strength and personal files were not available with the auditee formations. The details are as under:

S. No.	Name of formation	Year	PDP No.	Amount (Rs.)
1	CPO Faisalabad	2017-18	27540	22,916,000
2	CPO Faisalabad	2017-18	27538	914,000
3	DPO D.G Khan	2016-17	24304	2,698,000
4	DPO Jhang	2017-18	25285	13,027,100
Total				39,555,100

Audit was of the view that weak supervisory and financial controls resulted in irregular payments to PQRs.

The matter was pointed out to concerned formations from February to November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends completion/production of record besides fixing responsibility for non-maintenance/production of record.

11.4.19 Irregular drawl of funds by model police stations-Rs.9.59 million

According to Rule 2.32 of PFR Vol-I, it is not sufficient that a Government servant accounts should be correct to his own satisfaction. He has to satisfy not only himself but also the Accountant-General that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an amount is correct in all respects. Further, as per Rule 2.20 *ibid*, as a general rule every payment, including repayment of money previously lodged with Government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim.

During audit of Home Department, it was observed that a sum of Rs. 9,594,498 was drawn under head “Others” (Model Police Station) for purchase of different items like stationery, petty charges for payment to NADRA and provision of meal to the accused. The details are as under:

Sr. No.	Name of formation	Year	PDP No.	Amount (Rs.)
1	DPO T.T. Singh	2016-18	26850	2,880,000
2	DIG Operations	2017-18	30613	2,394,498
3	CPO Gujranwala	2017-18	26714	2,160,000
4	DPO Kasur	2016-18	27265	1,440,000
5	DPO Hafizabad	2017-18	26926	720,000
Total				9,594,498

The expenditure was held irregular on the following grounds:

1. The amount was drawn against the vouchers without any reference and serial number.
2. Most of the funds were utilized for diet charges but details of the prisoners detained in lock up was not produced to verify the genuineness of expenditure incurred.
3. The stock entries and consumption accounts were not available. Further, payments were made to the SHO of the concerned police station instead of suppliers.
4. Most of the purchases were made from suppliers who were not registered for the purpose of Sales Tax. Recovery of income tax was also not made according to prescribed rates in most of the cases.

Audit was of the view that weak management and financial controls resulted into irregular payment.

The matter was pointed out to concerned formations from February to November 2018. Formations at Sr. Nos. 1, 2, 4, & 5 noted the observations for compliance while the formation at Sr. No. 3 did not provide any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls and seek regularization of the expenditure.

11.4.20 Irregular purchase/use of medicines-Rs. 20.51 million

According to Government of the Punjab, Health Department letter No. SO(P-1)1-55/2008(Pt-1) dated 05.01.2010, the shelf life must be up to

85 % for the locally manufactured drugs and 75 % for the imported drugs. The lower limit of the shelf life must be up to 80 % and 70 % with imposition of 1 % penalty charges of actual shortfall in shelf life below prescribed limit for locally manufactured and imported medicines respectively. In case of vaccines & other biotechnical products, the stores with the shelf life up to 70 % will be accepted without penalty charges and up to 60 % with imposition of 1 % penalty charges of actual shortfall in shelf life below prescribed limit. Moreover, according to Government instructions laid in Drug Act 1976, read with supply orders issued to the contracting firms, all drugs /medicines shall be defaced with the caption “NOT FOR SALE GOVERNMENT PROPERTY” in Urdu and English with red ink.

During audit of Home Department, it was observed that a sum of Rs. 20,505,210 was incurred on purchase of medicines. Following irregularities were observed.

Sr. No.	Name of formation	Year	PDP No.	Nature of Irregularity	Amount (Rs.)
1	District Jail Gujrat	2015-16	27337	Medicines accepted without knowing the shelf life	5,250,002
2	Central Jail Lahore	2017-18	29847	Medicines accepted without knowing the shelf life	3,395,214
3	Superintendent District Jail Lahore	2016-17	25612	Excess than Local Purchase Limit, Consumption account not maintained	3,050,000
4	Commandant Police Training College Sihala Rawalpindi	2016-17	23752	Medicines were accepted /accounted for in the stock register without their defacing	2,300,000
5	Central Jail Lahore	2016-17	23955	Medicines accepted without knowing the shelf life	1,999,847
6	Commandant Police Training College Chung Lahore	2017-18	27305	DTL Reports not shown, Purchased from irrelevant head of account	1,570,908

Sr. No.	Name of formation	Year	PDP No.	Nature of Irregularity	Amount (Rs.)
7	District Jail Lahore	2017-18	30583	Discount of medicines was not obtained as prescribed by the Inspector General Prisons	1,467,241
8	Police Training School Multan	2015-18	28544	DTL Reports not shown, Purchased from irrelevant head of account	1,132,630
9	Superintendent Borstal Institute & Juveniel Jail Bahawalpur	2017-18	28654	Splitted to avoid tender, DTL Reports not shown	256,168
10	High Security Prison Sahiwal	2017-18	30572	The said medicine was declared sub-standard by the Govt. analyst drug testing laboratory, Bahawalpur vide his test report TRA No. 01-54001308/DTL, dated 11.09.2018 . it was told that the medicine has been got replaced from the firm but no standard quality test analysis report of the sample of medicine received was obtained	83,200
Total					20,505,210

Audit was of the view that weak management and financial internal controls resulted into irregular purchase / use of medicines.

The matter was pointed out to concerned formations from February to November 2018. All the formations noted the observations for compliance while S. No. 4 did not reply.

The matter was further reported to the Administrative Department from February to November 2018. Neither any reply was received nor a DAC meeting was convened till the finalization of this report.

Audit recommends that the department should strengthen its internal controls and seek regularization of the expenditure.

11.4.21 Irregular Expenditure on Dietary Charges Rs. 124.31 million

According to Govt. instructions, regarding Scale & Menu of daily diet for Prisoners, issued by the Home Department (Govt. of the Punjab)

vide their Notification No. SO(R&P)1-9/99 VOL-III Dated.22-3-2014, the dietary charges @ Rs.59.61 per prisoner per day were approved by the Government.

Rule 15.18 of PFR Vol-I provides that balances of stores must not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit. In order to ensure the observance of this rule, a periodical inspection must be made by a responsible Government servant, who must submit a report of surplus, unserviceable and obsolete stores

During audit of jails under the administrative control of home department it was observed that the above criteria approved for the menu of daily diet of prisoners was not strictly followed by the management and an amount of Rs. 124,305,385 was incurred in excess than approved cost and thus government sustained loss for that amount. The details are as under:

S. No.	Name of formation	Year	PDP No.	Nature of Irregularity	Amount (Rs.)
1	DIG/SP Battalion No.06, Farooqabad, District Sheikhpura	2016-18	29161	Consumption account, indent of canteen, Dead stock not maintained.	33,531,000
2	Central Jail Mianwali	2016-18	27262	Per Prisoner cost above Rs. 59.61	27,952,780
3	Central Jail Sahiwal	2016-18	27618	Per Prisoner cost above Rs. 59.61	14,835,891
4	Central Jail Rawalpindi	2017-18	26954	Per Prisoner cost above Rs. 59.61	9,454,021
5	District Jail M.B Din	2015-18	28614	Per Prisoner cost above Rs. 59.61	7,564,757
6	Central Jail Gujranwala	2017-18	29849	Per Prisoner cost above Rs. 59.61	7,340,694
7	District Jail Bahawalnagar	2015-18	28626	Per Prisoner cost above Rs. 59.61	6,220,740
8	District Jail Attock	2016-18	27560	Per Prisoner cost above Rs. 59.61	5,067,618

S. No.	Name of formation	Year	PDP No.	Nature of Irregularity	Amount (Rs.)
9	District Jail R.Y Khan	2015-18	28575	Per Prisoner cost above Rs. 59.61	4,507,350
10	Superintendent District Jail Chakwal	2016-18	28638	Per Prisoner cost above Rs. 59.61	2,697,280
11	District Jail Kasur	2015-18	27355	Purchased without approved rates	2,614,000
12	District Jail Gujrat	2015-18	27324	Purchase of Dietary articles excess than requirement	1,404,000
13	Principal Police Training School Rawat Rawalpindi	2014-18	26951	Expenditure incurred before & after training schedule in batches	653,581
14	Superintendent Borstal Institute & Juveniel Jail Bahawalpur	2017-18	28652	Per Prisoner cost above Rs. 59.61	461,673
Total					124,305,385

Audit was of the view that weak management and financial internal controls resulted in excess expenditure.

The matter was pointed out to concerned formations from February to November 2018. Most of the formations noted the observations for compliance or did not provide cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

11.4.22 Irregular expenditure on secret services-Rs.4.56 million

Supreme Court in its judgment dated July 16, 2012 decided that after the 18th Amendment under Article 170 (2) of the constitution, the AGP enjoyed a strong constitutional mandate to audit of each rupee spent from the Consolidated Fund and the Public Accounts without exception.

Moreover, the funds which have been declared as secret either by an executive order or ordinary legislation do not fall outside this purview. Furthermore, autonomous public bodies which do not receive any government funding but are established by the government or are under its control are also not beyond the AGP’s duty and power to audit.

During audit of Home Department, it was observed that an amount of Rs. 4,562,500 was expended under the head “A03914-secret services expenditure”. The cheques were drawn in the name of DDO instead of the concerned. The record of expenditure was not available in office for authentication of expenditure and validity of payments.

S.No.	Name of formation	Year	PDP No.	Amount (Rs.)
1	DPO RY Khan	2016-18	29232	3,600,000
2	DPO Hafizabad	2017-18	26923	500,000
3	DPO D.G Khan	2016-17	24312	462,500
Total				4,562,500

Audit was of the view that weak management and financial controls resulted in irregular expenditure on secret services.

The irregularity was pointed out to concerned formations from February to December 2018. All the formations noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that relevant record be immediately provided to audit for verification of payment and authenticity of expenditure.

11.4.23 Irregular Expenditure on Rent of office Building Rs. 58.14 million

According to Note. 3 under Sr. No. 03 of the Punjab Delegation of Financial Powers Rules, 2016, hiring of buildings on rent would be subject to the conditions that (a) the accommodation is according to the scale approved by the Government, (b) the rent does not exceed the tax assessed

by the Excise, Taxation and Narcotics Department for the purpose of Urban Immovable Property Tax. In case the rent exceeds as assessed by the Excise, Taxation and Narcotics Department, the Administrative Department shall give rent reasonability certificate and, (c) non-availability certificate by the C&W Department that there is no official building available for housing a particular office.

During audit of Home Department, it was observed that an amount of Rs. 58,138,620 was expended on payment of rent of buildings of various offices. Expenditure incurred was held irregular on the grounds as mentioned against each.

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	DIG Operations Lahore	2017-18	30604	Rent agreement not registered with Registrar and non recovery of stamp duty	14,642,751
2	Child Protection and Welfare Bureau Lahore	2017-18	27027	Rent Assessment Certificate not obtained from Excise Department	11,942,551
3	DPO Sialkot	2017-18	26681	Rent Assessment & Non accommodation certificate not obtained from Excise & Building Department	8,625,647
4	CPO Gujranwala	2017-18	26697	Rent Assessment & Non accommodation certificate not obtained from Excise & Building Department	8,320,869
5	Inspector General of Police	2016-17	25900	Rent Assessment & Non accommodation certificate not obtained from Excise & Building Department, Rent Reasonability certificate not obtained	7,625,021
6	CPO Rawalpindi	2017-18	26056	Lease agreement not registered, Rent assessment certificate from Building Department not obtained. Deposit of Property tax and stamp duty not shown	2,113,817

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
7	District Jail Bahawalnagar	2015-18	28636	Rent deposited into treasury without approval of Provincial Price Assessment Committee.	2,085,500
8	DIG Investigation (CCPO) Lahore	2017-18	29831	Rent Assessment & Non accommodation certificate not obtained from Excise & Building Department, Lease agreement not registered with rent registrar	1,345,134
9	DIG Prison Faisalabad Region Faisalabad	2014-18	29163	Rent Assessment Certificate not obtained from Excise Department	864,000
10	DPO Lodhran	2016-18	27575	Lease agreement not registered, Rent assessment certificate from Building Department not obtained. Deposit of Property tax and stamp duty not shown	333,330
11	DPO Narowal	2016-18	27007	Rent Assessment & Non accommodation certificate not obtained from Excise & Building Department	240,000
Total					58,138,620

Audit was of the view that weak management and financial controls resulted in irregular expenditure on payment of rent of office buildings.

The irregularity was pointed out to concerned formations from February to December 2018. Formation at Sr. No. 3 replied that certificates are available but not produced to audit while remaining noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

11.4.24 Irregular advance Drawl of Funds Rs. 19.51 million

As per rule 2.10(b)(5) of PFR, Vol-I, government money should not be drawn from public exchequer until and unless it is required for immediate disbursement. Further, as per rule 17.19 of PFR, Vol-I, it is also not permissible to draw advances from treasury to prevent the lapse of appropriations.

During audit of Home Department, it was observed that an amount of Rs. 19,511,620 as expended on advance payments in contravention to above mentioned instructions. The details are as under:

S. No.	Name of formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	District Jail R Y Khan	2015-18	28576	Advance Payment of installation of double source of electricity	16,727,928
2	D.G Child Protection & Welfare Bureau Punjab, Lahore	2016-17	23065	Advance Payment of Electricity Bills	1,191,244
3	District Jail Gujrat	2015-18	27329	Advance Payment of Electricity Bills	994,848
4	Anti Terrorism Court II	2016-17	24076	Advance Payment of Electricity Bills	359,200
5	Superintendent District Jail Lahore	2016-17	25621	Advance Payment of water to WASA	238,400
Total					19,511,620

Audit was of the view that weak management and financial controls resulted in irregular expenditure on advance payment of the amounts.

The irregularity was pointed out to concerned formations from February to December 2018. All formations noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

11.4.25 Irregular Expenditure on Repair of Building Rs. 32.54 million

As per Rule 15 Part-II Special Powers to Certain Departments & officers, Punjab Delegation of Financial Powers Rules 2016, Superintendent of Police is empowered to give technical sanction for expenditure on all petty and annual repairs as well as original works or special repairs to buildings in the charge of Police Department upto Rs. 100,000 in each case. Moreover, according to PFR Vol-1 2.10 (a) (1) the same vigilance should be exercise in respect of expenditure incurred from Govt. revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Home Department, it was observed that an amount of Rs. 32,540,871 was expended on repair of buildings. Irregularities as detail below were observed:

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	SSP Police Training School Sargodha	2014-18	28566	Splitting was made to avoid technical sanction of higher competent authority, satisfactory work completion report not available	17,477,080
2	AIG of Police Investigation Lahore	2014-17	25757	Splitting was made to avoid tender, Work was got done from unregistered firm, measurement book not maintained, estimates not prepared	1,984,614

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
3	Superintendent District Jail Lahore	2016-17	25614	Administrative approval, Technical Sanction, NOC Building Department, estimates, completion certificate not available	1,934,499
4	Commandant DIG / SP Battalion 6 Sheikhpura	2016-18	29160	Estimate not obtained from Building Department, Repair committee not constituted	1,848,836
5	District Jail Lahore	2017-18	30584	Measurement Book was not maintained & PST was not recovered	1,533,530
6	DPO Narowal	2016-18	27000	Splitting was made to avoid tender	1,449,572
7	SP PHP Gujranwala	2016-18	27602 & 27606	Expenditure was incurred beyond competency	1,306,178
8	Regional Police Officer, Faisalabad	2016-18	27587	Building Repair not booked in MBS, neither the repair words were got verified from competent forum nor satisfactory completion certificates were found enclosed, etc.	1,298,631
9	DPO Gujrat	2016-18	29172	Estimate not obtained from Building Department, Repair committee not constituted & measurement book not maintained	1,100,000
10	Elite Police Training School, Lahore	2016-17	25448	Building repair without admn. Approval and technical sanction.	1,088,650
11	PC Battalion 2 Rawalpindi	2016-18	26988	Work not got done through Deposit work from PWD, M.B , schedule rates & completion reports not produced	744,726
12	Commandant Police Training College Chung Lahore	2016-17	25585	Splitting was made to avoid tender	494,300
13	District Jail Kasur	2015-18	27351	Splitting was made to avoid technical sanction of higher competent authority	280,255
Total					32,540,871

Audit was of the view that weak management and financial controls resulted in irregular expenditure on repair of buildings.

The irregularity was pointed out to concerned formations from February to December 2018. All formations noted the observations while the formations at Sr. Nos. 3&12 did not provide any satisfactory reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should adhere to the government instructions and seek condonation of irregularity from the Finance Department.

11.4.26 Irregular/doubtful expenditure on engagement of contingent paid staff-Rs.3.28 million

As per Government of the Punjab, Finance Department Notification No. RO (Tech) FD 2-2/2016, dated 05.09.2016, appointments of work charged employees shall be made in accordance with procedure laid down in the preface of Revised Schedule of Wage Rates-2016 which provides that appointment to a post included in the Schedule may be made by the competent authority under Delegation of Financial Powers Rules subject to the following conditions:

- a) The post(s) shall be advertised properly in the leading newspapers.
- b) The recruitment to all the posts in the Schedule shall be made on the basis of merit specified for regular establishment vide Para 11 of the Recruitment Policy issued by S&GAD vide No.SOR-IV(S&GAD)10-1/2003 dated 17.09.2004 (amended to date).

- c) Terms and conditions of employment shall be governed under Rules 7.12 to 7.14 & 7.37 to 7.41 of DFR (Punjab Financial Handbook No.3).

Moreover, as per Supreme Court of Pakistan ruling dated 19.01.1993 passed in Human Rights case No.104 (I to IV) 1992 read with S&GAD Notification No. SOR-III-2-2/91 dated 05.01.1995, no recruitment should be made against any post which is not advertised properly.

During audit of District Police Officer, D.G Khan for the period 2016-17, it was observed that 39 persons were appointed/adjusted as contingent paid staff by the entity and an amount of Rs. 3,276,000 was paid to them. The expenditure was held irregular/doubtful on the following grounds:

1. The appointments of staff were made without advertisement in the newspapers. Moreover, other relevant record i.e. total no. of applications received, merit lists, offer/appointment letters along with terms & conditions of appointments etc. and CNICs of the appointed persons were not available on record.
2. Whole expenditure was sanctioned during the month of June 2017 (on 17.06.17 & 18.06.17).
3. The adjustment orders of staff were without reference No. and date.
4. Attendance sheets and other record like their personal files, posting / transfer orders, performance reports etc. were not available on record.
5. Expenditure statement provided by the entity showed expenditure of Rs.3,425,962 while as per SAP R3 data, four cheques were issued for amounting to Rs.3,276,000

under this head of account. Reason for overstatement of expenditure in the reconciled expenditure statement was not known to Audit.

From above observations it seems that no staff was engaged and the amounts were withdrawn from government account on fabricated documents.

When the matter was pointed out in August 2017, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired to dig out the actual facts or the stated amount be recovered from the concerned and deposited into government account.

(PDP No. 24298 DPO D.G Khan 2016-17)

11.4.27 Irregular payment made without pre-audit-Rs.167.84 million

As per schedule to Service Rules of Child Protection Bureau issued vide No. SO(Dev) HD/15-5/2009, Government of Punjab, HOME Department, dated 18.03.2010.the following posts relates to audit & accounts;

Sr. No.	Name of the post and basic pay scale	Appointing authority	Method of recruitment
1.	Assistant Director (Accounts) (BS-17)	Administrative Secretary	By posting from amongst suitable officer from Audit department having passed SAS/PIPFA examination.
2.	Assistant Audit Officer(BS-16)	-do-	By posting/ B.Com with SAS/PIPFA with five years relevant experience.
3.	Assistant Accounts Officer(BS-16)	-do-	By posting/ B.Com with SAS/PIPFA with five years relevant experience.

During audit of the accounts of Child Protection and Welfare Bureau, for the period 2017-18, it was observed that the above stated posts remained vacant during April 2018 to June 2018. Hence, the payment during the period was made and passed without per-audit.

The weak supervisory controls resulted in irregular payment of Rs. 167,835,285 passed without pre-audit from the person who did not fulfill the required qualification of the post as well as without approval of the administrative secretary as required under rules/notification stated above.

When pointed out in July 2018, the management only noted the observation but did not offer any comment

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be looked into and irregularity be got condoned from competent authority, besides strengthening internal and financial controls.

(PDP No. 27015 Child Protection & Welfare Bureau Lahore 2017-18)

11.4.28 Non submission of vouched account to Treasury Office- Rs.512.73 million

As per Finance Department letter no. SO (TT) 6-1/2007 dated: 26.07.2010, the operator of SDA will be required to submit monthly accounts of expenditure supported with copies of paid vouchers to concerned AG/DAO/TO for post audit purpose by 15th of month following the month in which expenditure was incurred.

During audit of the accounts of Child Protection Welfare Bureau, Lahore for the year 2017-18, it was observed that expenditure to the extent

of Rs.512,726,263 was incurred out of SDA but monthly account supported with copies of paid vouchers were not submitted to Treasury office Lahore for post audit purpose in contravention of above.

Audit was of the view that the lapse was occurred due to weak supervisory and financial controls.

When pointed out in July 2018, the management only noted the observation but did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be looked into at administrative level for fixing responsibility and taking remedial measures.

(PDP No. 27026- Child Protection & Welfare Bureau, Lahore-2017-18)

11.4.29 Loss of assets-Rs.3.50 million (Approx.)

Rule 18.4 (a) of PFR Vol-I provides that a competent authority may write off finally the irrecoverable value of stores or public money lost by fraud or negligence of individuals or other causes.

During audit of Home Department, it was observed that loss of Rs. 3,500,000 was sustained by the department due to the reasons as mentioned against each. But the loss was not get write off from competent authority.

S. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	DPO Attock	2016-18	26876	1,500,000
2	DIG Operations LHR	2017-18	30614	1,200,000
3	CPO Rawalpindi	2017-18	26071	800,000
Total				3,500,000

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

Audit pointed out the irregularity in August & September 2018. The DDO noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be got regularized from the competent authority, under intimation to audit besides strengthening of supervisory and financial controls.

(PDP No. 26071 CPO Rawalpindi 2017-18)

11.4.30 Un-authorized use of govt. vehicle-Rs. 1.65 million

As per letter No. 15174-15210/EC/MT dated 4.6.2011 issued by the Addl. IGP Tele and transport Punjab Lahore on account of use of police vehicles and work force two vehicles were allowed only the followings.

- A Addl. IGP of unit/ RPO
- B DIG/CPO
- C AIG OG PHQ
- D DPOs
- E SSP Of special branch and CTD in GRADE -19

During audit of Addl. IGP Special Branch Punjab, Lahore for the period 2015-17, it was observed that:

- a) Officers/ officials BPS-17 and below were allotted government vehicles. As per above referred letter officers BPS-17 and below were not authorized to use government vehicles. But contrary to the above letter they were allotted government vehicles by the authority. This resulted a loss of POL to the government to the tune of Rs.886,350.
- b) Vehicles No. LZF-5768 and LRU-4216 were under the use of DD-1, and vehicle No. KZF-5806 and LWE-4463 were under the use of DD-2. As per above referred letter the officer BPS-18, was allowed to use only one vehicle but contrary to the above letter DD-1, and DD-2, were using two vehicles. This resulted a loss of POL to the tune of Rs. 766,350.

Audit was of the view that weak supervisory and internal controls led the irregularity.

Audit pointed out the lapse in February 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired and stated amount may be recovered from the defaulter and deposited into Govt. treasury under intimation to audit besides strengthening supervisory and internal controls to avoid such recurrences in future.

(PDP No. 23708 & 23709 Additional IGP Sp Branch Lahore 2015-17)

11.4.31 Irregular and excess drawl of honoraria- Rs. 86.55 million

As per 2.10 (a)(1) of PFR Vol-I, same vigilance should be exercise in respect of expenditure incurred from Govt. revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of DIG Security Lahore Division it was observed that a sum of Rs. 86,554,754 (85,445,364 + 1,109,390) was drawn wide cheque No. 2968012 dated 13.06.2017 and checque No.2968013 dated 13.06.2017 for payment of honoraria to the officers/officials of the Office of the DIG Security Lahore Division, Lahore. It was astonished to note that payment of honoraria was made to the 2618 No. of officers/officials instead of 1464 No. of officers/officials of the staff of DIG Security, Lahore Division, Lahore as per approved sanction strength. In this way the irregular and excess payment of honoraria was made to the 1154 No. of officers/officials not working in the office of DIG Security, Lahore Division, Lahore. Hence the payment of honoraria was irregular and un-authorized to the staff not related to the office of the DIG Security, Lahore Division, Lahore.

The matter was pointed out in February 2018. The management reported that matter would be thrashed out and position will be shown to audit. The reply was not tenable because the payment of honoraria of 1154 No. of officers/officials excess were made irregular.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit Recommends to probe the matter and fix the responsibility for excess drawl of honoraria than to the sanction strength in addition to

condone the irregularity with the sanction of the Finance Department or recover the excess drawl amount of honoraria.

(PDP No. 23055 DIG Security Lahore 2016-17)

11.4.32 Irregular expenditure on Salary of staff appointed unlawfully-Rs.1.66 million

As per Supreme Court of Pakistan's Orders dated 19.01.1993, passed in Human Rights case No.104 (I to IV) 1992 read with S&GAD's Notifications No. SOR-III-2-2/91 dated 05.01.1995 and No DS (O&M)5-3/2004/Contract)(MF) dated 29.12.2004, no recruitment shall be made against any post which is not openly advertised through press.

Section 14 of the Auditor-General's (Function, Power and Terms and Conditions of Service) Ordinance 2001 provides that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

During audit of City Police Officer Multan (CPO) for the period 2016-17, it was observed that an expenditure of Rs.1,659,000 (approx) has been incurred on the salaries paid to the Senior Station Assistants (SSA) @ Rs. 32,000 per month and Police Station Assistants (PSA) @Rs.25,000 per month on contractual basis for a limited period. The following irregularities were noticed, which require clarification/justification.

- 1 It was observed from the examination of record that above government instructions have completely been ignored by the local administration, who had recruited/appointed staff mentioned in the enclosed annexure on contract basis

without any open advertisement through press in violation of rules noted above. It is pointed out that no record relating to the appointments i.e. advertisement in newspapers, total numbers of applications received for appointments, Merit list, prescribed qualification / required experience in relevant field, Test/Interview record of Candidates, minutes of Departmental Selection Committee, offer of appointment letters and joining reports etc along-with medical fitness certificates of selected candidates was maintained by the local administration to be produced to audit for scrutiny. It is added that in the absence of said record, the transparent process of appointment of staff could not be verified by the audit.

- 2 It was further noticed that neither Police verification reports nor verification of academic qualification documents of the whole employees, appointed as SSAs and PSAs on contract basis, was got verified from the quarters concerned by the CPO which is quite irregular and highly objectionable on the part of Police department.

Audit was of the view that weak supervisory and internal controls led the irregularity.

When pointed out the matter in October 2017, no reply was given by the department which indicates that the local management had nothing to say in their defense.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter may be inquired into and responsibility fixed under intimation to audit, besides provision of required record to audit for detailed scrutiny/verification by the Audit.

(PDP No. 25038- CPO Multan – 2016-17)

11.4.33 Irregular expenditure on electricity charges-Rs. 23.80 million

As per rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on.

During audit of the accounts of Superintendent District Jail Multan for the year 2014-15 to 2017-18, it was observed that every month heavy amounts had been paid to Revenue Officer WAPDA as electricity bills served against meter No.28151111087202-U (Main meter). It was surprising to note that the electric bills neither reflects any meter reading/ units consumed and rate applied per unit. At some accessions fixed 3600 units were being charged or a fixed amount more than Rs.1,000,000 had been charged without showing any details.

As revealed from the WAPDA bills the payments had been made on presumptive bills submitted by WAPDA instead of unit consumed audit therefore held the expenditure of Rs 23,800,823/ irregular and doubtful.

Audit was of the view that weak supervisory and internal controls led the irregularity.

Audit pointed out the irregularity in September 2018.The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the irregularity be got condoned from the competent authority.

(PDP No. 27283 District Jail Multan 2014-18)

11.4.34 Irregular / unauthorized expenditure due to sanction beyond competence-Rs.199.94 million

According to Section 18 (5) (iv) of Punjab Delegation of Financial Power Rules 2016, Superintendent, District Jail, Lahore (Class-II) was competent to invite and accept tenders of dietary articles and sanction expenditure thereof up to Rs. 0.100 millions (Rs. 100,000) at a time for an article or each class of similar articles. Moreover, as per Sr. No.3(iv) Part-I of Second Schedule of Delegation of Financial Power Rules 2016, Superintendent of the Jail being of Category-III officer is competent to accord sanction of expenditure against detail object in the budget estimates upto Rs.1,500,000 at a time. Furthermore, Sr. No. 3 of Special Powers to Police Department under Punjab Delegation of Financial Powers Rules 2016 provides that Superintendent of Police is competent to give technical sanction to estimates for expenditure on all petty and annual repairs as well as original works or special repairs to buildings in the charge of Police Department up to Rs.0.1 million in each case provided the estimates are duly vetted by C&W Department concerned.

During audit of Home Department, it was observed that an expenditure of Rs. 199,942,277 was incurred by the authority beyond competency as detailed below:

Sr. No.	Name of formation	Period of Audit	PDP No.	Item Purchased	Amount (Rs.)
1	Central Jail Lahore	2015-17	23968	Purchase of Dietary articles	88,880,000
2	District Jail Lahore	2016-17	25606	Purchase of Dietary articles	64,851,423

Sr. No.	Name of formation	Period of Audit	PDP No.	Item Purchased	Amount (Rs.)
3	Central Jail Gujranwala	2017-18	29857	Purchase of Dietary articles	32,960,478
4	DPO Attock	2016-18	26858	Establishment of Front Desk	11,324,376
5	District Jail Chakwal	2016-18	28644	Sanction of dietary articles were accorded according to delegation of financial power 2006 instead 2016	1,926,000
Total					199,942,277

Audit was of the view that weak supervisory and financial controls led to irregular/unauthorized expenditure.

Audit pointed out the lapse from February to November 2018. The formations simply noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends regularization of expenditure with the sanction of Finance Department.

11.4.35 Unjustified advertisement in private newspapers instead of DGPR-Rs.2.54 million

As per Government of Punjab letter No.SO P&C(INF)-V-5/71 dated.18.10.2003 addressed to all heads of Autonomous institutions/bodies, Director General Public Relations Department will responsible for selection of newspapers and release of advertisements in accordance with the advertisement policy. Moreover, as per Rule 12 (1) of Punjab Procurement Rules 2009, Procurements over one hundred thousand rupees and upto the limit of two million rupees shall be

advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time.

During audit of District Police Officer, Gujrat for the financial period 01/2017 to 06/2018, scrutiny of contingent paid vouchers under the head AO-9701-Purchase of Furniture & Fixture revealed that huge expenditure of Rs.2,539,878 was incurred on account of Purchase of Furniture & Fixture for Police Stations. The advertisement was made through Private Agencies in newspaper like "Jazba" and "Shana Bashana" instead of DGPR. The expenditure was held unjustified.

Audit was of the view that lapse occurred due to weak supervisory and internal controls.

When the irregularity was pointed out in October 2018, the DDO noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the expenditure be got regularized from the competent authority.

(PDP No. 29170 DPO Gujrat 2016-18)

11.4.36 Irregular advance drawl of cash award and undue retention of amount in Bank –Rs.1.88 million

According to Rule 2.10(b) (5) of P.F.R Vol-I, That no money is withdrawn from the treasury unless it is required for immediate disbursement or has already, been paid out of the permanent advance and that it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

During audit of DPO-Vehari for the year 2017-18, it was observed that an amount of Rs.1,880,000 was withdrawn by the department under the head of account cash reward in the name of DDO- DPO Vehari and kept the amount into private bank account instead of immediate disbursement to concerned. Further an amount of Rs. 692,340 was withdrawn vide cheque no 3182916 dated 13.06.2018 by the department as advance from the treasury for payment of token taxes of vehicles without approval of Finance Department as on 30.06.2018 amount was laying in the National Bank account. Deposit of token tax challan was not shown to audit up till close of audit. Moreover, audit observed that an amount of Rs. 4,844,316 was laying under the account No4000750565 at NBP as on 30.06.2018 which show advance drawl of money from treasury without obtaining the approval from Finance Department. Furthermore, no income tax amounting to Rs 188,000 was deducted from payment made to employees of the DPO Vehari.

Audit was of the view that lapse occurred due to weak supervisory and internal controls.

The matter was reported during October 2018. The management received the observation without offering any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be got regularized from the Finance Department besides recovery of amount.

(PDP No. 30644- DPO Vehari- 2017-18)

11.4.37 Irregular Purchase of Dal Mash-Rs. 9.99 million Cost of Purchase/Risk Purchase not recovered

Agreement of Procurement of Dal Mash for all jails of the Punjab was executed with M/s World wide Logistic A-83 Johar Town Lahore on dated 29.07.2016. As per clause 9 (i) of the agreement the above mentioned supplier was bound to pay risk purchase in case the firm fails to supply the Dal Mash on particular date and place. Excess expenditure incurred by the department on purchase was required to be recovered from above mentioned supplier.

During audit of Inspector General of Prison of Punjab for the financial year 2016-17, it was noticed that above mentioned supplier was entered in to contract on 29.07.2016 but did not make even single supply to any jail of Punjab province up till the end of November 2017 as per contract. The contract was cancelled by the department on 28.11.2017 and in all jails of Punjab Dal Mash was purchased on local basis and thus higher rates and non observance of PPRA rule could not be ruled out. Further, in contravention to above terms & condition of contract, risk purchase/extra cost borne by the department was neither calculated nor recovered from the supplier by the department and thus undue benefit was given to the firm. Performance guarantee/CDR Rs. 209,040 (No. 03529941 dated 03.08.16) received from concerned supplier was also not forfeited up till now after lapse of considerable time. Amount of performance gurantee was not obtained as per contract/estimated cost of the agreement.

Detail is as under:

Sr. No.	Name of firm	Name of article with rate	Estimated Annual Quantity (kg)	Estimated Value of Contract (Rs.) (12 Months)	Appx. Value of Contract (5 Months)
1	M/S World Wide Logistic, Lahore	Dal Mash (Washed) @ Rs.229.90 for the Jails of Lahore Region	58,834	13,525,936	5,635,806

Sr. No.	Name of firm	Name of article with rate	Estimated Annual Quantity (kg)	Estimated Value of Contract (Rs.) (12 Months)	Appx. Value of Contract (5 Months)
2	M/S World Wide Logistic, Lahore	Dal Mash @ Rs.229/- per kg for the Jails of Rawalpindi & Multan Regions	45,642	10,452,018	4,355,007
Total					9,990,813

Audit was of the view that lapse occurred due to weak supervisory and internal controls.

The matter was pointed out to concerned formation in February 2018 but no cogent reply was provided.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be got regularized from competent authority besides recovery of amount.

(PDP No. 25645 I.G Prisons Punjab, Lahore2016-17)

11.4.38 Discrepancies/shortcomings in recruitment

As per Para 2(x) of Finance Department letter No.FD.SO (GOODS)44-4/2016 dated 14.09.2017 regarding austerity & economic measures for the financial year 2017-18, there shall be complete ban on recruitment against vacant posts except with the approval of Chief Minister. Further, as per sub rule (2) of Rule 21-A of Punjab Civil Servant Appointment and Conditions of Services Rules, 1974, requires that an appointment by initial recruitment shall be subject to verification of character and antecedents of the person appointed to the satisfaction of the appointing authority. As per Rule 12(2) of PSCA Services Regulations

2017, no appointment letter can be issued without verification of educational and professional degrees, related transcripts, antecedents and CNIC from the concerned authorities i.e. Higher Education Commission, NADRA, related professional bodies, etc. For initial appointment, a Provisional letter may be issued which may last till the certifications are received but not later than 30 working days from the date of initial appointment.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed that various officers/official were recruited throughout 2015-18. Following discrepancies/shortcomings were noticed by Audit:

- i. There was a ban on recruitment against vacant posts. It was observed that various officers/officials were hired during 2017-18 but the specific approval of Chief Minister for lifting the ban along with audit copy of the notification for the period 2017-18 was not shown to Audit.
- ii. The scoring sheets of each member of the selection committee were not shown to Audit. Only the consolidated computer generated statement was shown to Audit. Audit desired that either the scoring sheets of each members of selection committee duly notified by authority be produce to Audit or the matter be regularized from Finance Department as there is only one computer generated consolidated sheets which does not serve the purpose of Audit and; a certificate from members of selection committee be produce that they did not use scoring sheets or any working papers for recording individual score. In appointments matter, the scoring sheets of each member are the back bone of the appointment process.

- iii. It was also observed that the verification of education certificate of all the recruited officers/officials was not made till date of Audit which is clear violation of Rule 12(2) of PSCA Services Regulations 2017.
- iv. The Non Government accommodation certificates were not obtained from the officers/officials.

Audit was of the view that weak supervisory and financial controls led the irregularity.

Audit pointed out the irregularity to concerned formation in September 2018 but no cogent reply was provided.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility be fixed for non-adherence of Government instructions besides regularization of the matter from Finance Department and strengthening of financial and internal control system.

(PDP No. 27641 Punjab Safe Cities Authority 2015-18)

11.4.39 Loss to Government exchequer due to insurance of Vehicles from unauthorized contractor instead of NICL-Rs. 1.40 million

Section of 166 read with Section 156 of Insurance Ordinance 2000 requires Federal and Provincial Government to place all insurance business relating to public property with the National Insurance Company Limited (NICL) only. Any person who insures and any insurer which accepts insurance of any public property or liability knowing such insurance to be in contravention of this statutory requirement shall be guilty of an offence and any insurer who makes a default in complying

with or act in contravention of any requirement of the ordinance and, where the Insurer is a company, any Director or the Officer of the Company, who is knowingly a party to the default shall be punishable with fine which may extend to one million rupees and in the case of continuing default with an additional fine which may extend to Rs.10,000 for every day during which the default continues. Further, as per S&GAD letter No.SO (FG)5-17/2017 dated 25.04.2017 regarding Insurance of Public Property refer the copy of letter No.NICL/BD/SGA & ID/20167 dated 14.04.2017 and directed to take necessary action accordingly and report may be provided to this Department at the earliest. The above said letter of NICL described the Section 166 & 156 of Insurance Ordinance 2000 as detailed above.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed that an amount of Rs.1,395,357 was incurred on insurance of vehicles from M/s United Insurance Company Limited Pakistan Limited instead of National Insurance Company Limited (NICL) which is clear violations of the above said instructions of the Government. The action of the management is irregular and causing loss to Government exchequer for Rs.1,395,357 which should be recovered from the responsible officers. Further, the annual requirement was not uploaded / published, in advance, on PPRA as well as on departmental web site in violation of PPRA Rules. The department upload its first annual procurement plan from 2018-19.

Audit was of the view that weak supervisory, management and internal controls led the loss to Government exchequer.

Audit pointed out the irregularity in September 2018. The DDO replied that tender was called and NICL did not participate in the tendering process and uploading of annual procurement planning on

PPRA will be followed in future. The reply of the DDO is not tenable as the compliance of the prescribed Government instruction regarding insurance of Public Property as per Section 166 read with Section 156 of Insurance Ordinance 2000 as detailed above which was also duly circulated by S&GAD vide letter No.SO(FG)5-17/2017 dated 25.04.2017 was not fulfilled. The responsibility of loss to Government be fixed besides recovery of the same from the concerned besides taking up the matter with Finance Department for investigation and regularization of the issue.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be investigated at Administrative level and responsibility be fixed for non-adherence of Government instructions besides recovery of loss from responsible officers under intimation to Audit and strengthening of supervisory, management, financial and internal control system.

(PDP No. 27628 Punjab Safe Cities Authority 2015-18)

11.4.40 Extra provision of Contingencies in PC-1 for Rs.274.39 million

As per Finance Department letter No.RO(TECH)FD.11-161/2017 dated 03.10.2017 regarding clarification of Draft Para 4.4.31.7 for the year 2013-14 (Irregular/excessive sanction of contingency), the case was examined in Finance Department and observed that as per B&R and PWD Code 3% contingency for unforeseen expenditure is allowed. Therefore, it was informed that 3% contingency provisions in the PC-I / cost estimate is justified.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed that the provision of contingency was made Rs. 800 million (Total Cost of the project is Rs.17,520.408 million as given in Capital Cost Estimate in the 3rd revised PC-1 with a gestation period till 31.12.2018) which is 4.566% of the total cost of the project instead of 3% i.e. Rs.525.612 million resulting excess/extra provision of contingencies amounting to Rs.274.388 million (Rs.800 million-Rs.525.612 million). Moreover, the breakup of cost expenditure during the period under audit as per Capital cost up to 30.06.2018 was also not provided to Audit.

Audit was of the view that weak supervisory and financial internal controls led the irregularity.

Audit pointed out the irregularity in September 2018. The DDO replied that the extra contingency cost was kept to manage the for exchange risk which is the reason for the increase in contingency cost. The DDO admitted the irregularity. The matter be referred to Finance Department for regularization besides revision of the PC-I accordingly and fixing of responsibility against the concerned.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility be fixed for non-adherence of Government instructions besides investigation of the matter under intimation to Audit and regularization of the matter from the Finance Department.

(PDP No. 27624 Punjab Safe Cities Authority 2015-18)

11.4.41 Irregular opening of non-development SDA-Rs.324.64 million

As per para 5 of Finance Department letter No.SO(TT)6-1/2007 dated 11.09.2007 regarding, all Project Directors / Departmental Officers; operating PLA's are advised to approach the concerned Additional Finance Secretary in the Finance Department through their respective Administrative Department for issuance of revised, sanction for Special Drawing Accounts (SDA) well before October 2007 in order to ensure uninterrupted operation on accounts and implementation of development schemes. As per para 3(iv) of Finance Department letter No.SO(TT)6-1/2007 dated 26.10.2007; funds will be allocated in the budget estimates of a financial year in normal itemized mode for schemes/programme / project allowed to be operated through SDA's. Moreover, as per para 17.2.3.3 of Accounting Policies & Procedure Manual (APPM), each application for assignment account or PLA (now known as SDA) shall be considered on a case by case basis, although such accounts are typically established for development projects.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed that management opened Special Drawing Account (SDA) for Non-Development Budget in violation of the above said directions of the Government. It was observed that an amount of Rs.324,639,079 was incurred which pertains to irregular opening of non-development Special Drawing Accounts.

Audit was of the view that non adherence to the Government instructions led the irregularity.

Audit pointed out the irregularity in September 2018. The DDO replied that SDA No.287 was opened through the orders of Finance

Department and the AG Office has issued funds under the Non-Development grant. The reply was unsatisfactory.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be investigated at administrative level and its outcomes be shown to audit besides fixing of responsibility for non-observation of prescribed Government instructions and strengthening of supervisory and financial controls to avoid such recurrences in future.

(PDP No. 27662 Punjab Safe Cities Authority 2015-18)

11.4.42 Irregular consumption of POL valuing Rs. 469.82 million

According to appendix 14 of PFR VOL-II section 49(iv) average consumption of petrol, oil and lubricants should be worked out and recorded in the Log Books at the close of each month.

During audit of Home Department, it was observed that consumption of POL amounting to Rs. 469,820,695 was found irregular on the grounds mentioned below:

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	DIG Opertations Lahore	2017-18	30618	Average consumption certificates issued by the competent authority neither on record nor pasted on the log books. In the absence of that consumption of POL could not be verified.	446,050,645
2	CPO Faisalabad	2017-18	27553	POL was drawn for prison van but summons of courts were not shown	21,780,000
3	DIG Security	2016-17	23053	Advance payment was made to PSO	1,271,830
4	DPO D.G Khan	2016-17	24306	POL was purchased excess than actual requirement based on average consumption of vehicles.	718,220
Total					469,820,695

Audit was of the view that the lapse was due to failure of supervisory and financial internal controls.

The matter was brought to the notice of departmental representative during July & August, 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter may be inquired at appropriate level and responsibility in this regard may be fixed besides recovery of cost of excess POL from the concerned officials/officers.

11.4.43 Irregular expenditure on printing work from private press without NOC-Rs. 1.16 million

Sr.No.17 of the Special Powers to certain Departments and officers under the Punjab Delegation of Financial Powers Rules, 2016, The DDO was competent to accord sanction from Govt. Press but in case of printing from private press was Subject to the condition that reasons are recorded for not getting the job done at Government Press prescribed procedure for open tender shall be adopted for getting the work done at private presses in most economical manner. Moreover, Rule 12 (2) read with Rule 13 (a)(b) explains that the requirement of purchase should be advertised for wider publicity to ensure fair purchase and the same may be dispensed with after prior approval of the Authority in the following cases:

- (a) The proposed procurement pertains to national security and its publication may jeopardize or compromise the objectives of national security; and

- (b) The publication of advertisement or notice of the proposed procurement involves disclosure of information which is proprietary in nature or falls within the definition of intellectual property which is available from a single source.

During audit of Addl. Inspector General of Police (PHP) Lahore for the financial year 2017-18, the scrutiny of paid vouchers revealed that amount to the stated extent had been drawn from Govt. treasury and shown paid to M/s Brothers & Brothers on account of printing work, done at private press. It was observed that printing work was got done from local market instead of Government Press and without taking NOC from Punjab Printing Press. Moreover, procedure prescribed in PP Rules was also not followed. The practice was in violation of standing rules.

Audit was of the view that lapse was occurred due to weak financial and supervisory internal controls.

In response to the preliminary observation, the management simply noted the observation without offering any comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be probed and responsibility be fixed against the officers concerned, irregularity be regularized with the sanction of competent authority under intimation to Audit besides strengthening supervisory and financial controls to avoid such recurrences in future.

(PDP No. 29197-Addl. IG Punjab Highway Patrol- 2017-18)

11.4.44 Irregular expenditure on purchase of POL-Rs.527.34 million

As per Govt. rules contained in PART-I (APPENDIX-5) of PFR VOL-II (Regarding general rules and principles relating to contracts),

- (i) Legal, financial and audit advice should be taken in the drafting of contracts and before they are finally entered into.
- (ii) No contract or agreement to execute a contract should be executed or entered into and no tenders for a contract should be accepted without previous consultation with the Finance Department if expenditure of money or abandonment of revenue is involved thereby for which previous consultation with the Finance Department is required.
- (ii) Even in cases where a formal written contract is not made, no order for supplies, etc., should be placed without at the least a written agreement of price.

As per para 3(a) Finance Department letter No.PS/F8/808/78 dated 26.02.1978 that funds allocated to a department its attached department or subordinate offices are spent for the purpose for which they are allocated.

During audit of Home Department it was observed that POL of Rs. 527,342,173 was drawn by the department. Irregularities as mentioned below were observed.

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	DPO RY Khan	2016-18	29248	POL drawn without any contract / work order	228,829,123
2	CPO Rawalpindi	2017-18	26057	POL drawn without any contract, misclassification of service charges and non existence of mechanism of	145,353,429

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
				rate verification on OGRA website	
3	CCPO Lahore	2017-18	29823	No contract was executed, misclassification of serviced charges. Mostly the cards were operative only at PSO petrol Pump situated at Shalimar Link Road, Mughalpura as these were not operative at any PSO Pump in Lahore or elsewhere. Vehicles comes from areas like Manga Mandi, Raiwind, Barki, Defence etc at PSO petrol Pump situated at Shalimar Link Road, Mughalpura to fill the tanks and in this process a lot of Petrol was consumed only to fill the tanks.	78,185,365
4	SP PHP Gujranwala	2016-18	27596	POL drawn without any contract / work order	74,974,256
Total					527,342,173

Audit was of the view that the lapse was due to failure of supervisory and financial internal controls.

The matter was brought to the notice of departmental representative during July and August 2018. The department noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be got regularized from competent authority besides strengthening of financial and supervisory internal controls.

11.4.45 Excess Drawl of Posts-Rs. 274.44 million

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of Home Department, it was observed that posts of Head Constables and Constables were excess drawn by the department as compared with sanctioned strength as detailed below:

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	SSP Tele. Punjab	2016-17	23979	Excess post of Constables were drawn	262,696,609
2	SSP Tele. Punjab	2016-17	23970	Excess post of Constables were drawn	11,747,555
3	DPO Jhang	2017-18	25269	Excess post of Head Constables were drawn	-
Total					274,444,164

Audit was of the view that the lapse was due to failure of supervisory and financial internal controls.

The matter was brought to the notice of department from February to November 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be inquired into, loss be made good from the officials/officers held responsible under report to audit besides strengthening of supervisory and financial internal controls.

Internal Control & Weakness

11.4.46 Non auction of unserviceable vehicles / store items-Rs. 106.82 million

According to Rule 15.3 of PFR Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Home Department, it was observed that a number of vehicles/store items were lying unserviceable/off road/condemned. Due to non disposal, their condition was deteriorating day by day.

Audit was of the view that weak internal controls on asset management deprived revenue to government amounting to Rs. 106,818,551 (Annexure-50) approximately.

The matter was pointed out to concerned formations from February to September 2018. The formations at Sr. Nos. 15, 22, 32, 37, 38 & 40 simply signed the observations. The formations at Sr. Nos. 8, 13 & 30 replied that cases had been referred to quarter concerned. The remaining formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends early auction of vehicles/items to avoid public exchequer from further loss.

11.4.47 Irregular acceptance of medicine without DTL Reports- Rs. 19.89 million

According to the Provision of Clause (i) of sub-section (3) of Section 19 of the Drug Act, 1976, one portion of sample shall be send to the Government Analyst concerned for test and analysis.

During audit of Home Department, it was observed that medicines valuing Rs. 19,886,155 was purchased and utilized without obtaining standard drug testing reports. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No	Amount (Rs)
1	Central Jail Sahiwal	2016-18	27614	6,599,999
2	District Jail Multan	2014-18	27287	3,831,355
3	Commandant Police Training College Chung, Lahore	2016-17	25580	2,382,987
4	Women Jail Multan	2014-18	27345	2,018,842
5	Central Jail Lahore	2016-17	23962	1,999,847
6	Commandant Police College Sihala Rawalpindi	2016-17	23747	1,351,192
7	Superintendent, District Jail Chakwal	2016-18	28642	559,010
8	Elite Police Training School Lahore	2016-17	25451	499,998
9	District Jail Kasur	2015-18	27348	431,000
10	Superintendent, District Jail Lahore	2016-17	25622	211,925
Total				19,886,155

Audit was of the view that acceptance & use of medicines without the requisite lab reports was against the law which may put the lives of the patients at stake/danger.

The matter was pointed out to concerned formations from March to October 2018. The formation at Sr. No. 1 replied that DTL reports were available. The formations at Sr. Nos. 3 & 8 replied that no DTL report was required for small quantities. Replies were not satisfactory being evasive. The formations at Sr. Nos. 2, 6, 7 & 10 did not furnish reply. The remaining formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and fixing responsibility for lapse besides strengthening of internal controls to avoid recurrence of such lapse in future.

**11.4.48 Doubtful deposit due to non-verification of sales tax invoices-
Rs. 4.21 million**

As per Para 2(b)(4)(b) of SRO.77(I)/2008 dated 23.01.2008 by the Ministry of Finance, Economic Affairs Statistics and Revenue, regarding amendments in Sales Tax Special Procedure (Withholding) Rules 2007, the concerned Drawing and Disbursing Officer shall prepare the return in the form as in the Annexure to these rules for each month and forward the same to the Collector having jurisdiction by the 15th of following month and as per Para 20(1) of central board of revenue, Government of Pakistan letter no.4(4),5(b),95,vol, dated 4.8.2001,requires that a certificate to be obtained from the sales tax department that the firms /contractors had actually incorporated the sales tax amount charged from the department in their monthly returns.

During audit of Home Department, it was observed that General Sales Tax valuing Rs.4,209,223 was shown paid but sales tax invoices were not got verified from the quarter concerned. The details are ads under:

Sr. No	Name of formation	Period of audit	PDP No	Amount (Rs)
1	D.G Child Protection and Welfare Bureau Punjab LHR	2016-17	23061	1,814,145
2	Commandant Police Training College, Chung Lahore	2017-18	27320	472,688
3	Battalion Commander, PC Battalion-7, Lahore	2016-17	25771	406,585
4	DPO Narowal	2016-18	27005	349,114
5	Regional Police Office CTD Lahore	2016-17	25901	347,732
6	Inspector General of Prisons Punjab Lahore	2016-17	25633	253,033
7	District Jail Gujrat	2015-18	27342	229,860
8	District Jail Bahawalnagar	2015-18	28635	178,814
9	Inspector General of Prisons Lahore Region, Lahore	2014-17	23737	95,593
10	Superintendent Borstal Institute and Juvenile Jail Bahawalpur	2017-18	28656	61,659
Total				4,209,223

Audit was of the view that disregard to the provision of instructions made due to weak financial and supervisory controls.

The matter was pointed out to concerned formations from March to September 2018. The formation at Sr. No. 1 replied that the contractors would be approached for production of monthly returns. The formation at Sr. Nos. 06 replied that there is no need for the verification of sales tax invoices because sales tax was deducted at source. Replies were not satisfactory being evasive. The formations at Sr. Nos. 3 & 8 did not furnish reply. The remaining formations noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and fixing responsibility for lapse besides doing needful and strengthening controls to avoid recurrence of lapse in future.

11.4.49 Non-disbursement of financial assistance – Rs 11.54 million

According to Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held personally responsible for any over charges.

During audit of S.S.P Telecommunication Punjab Lahore for the year 2016-17, it was observed that Rs 11,544,901 was drawn for payment of financial assistance to the employees of deceased officials/officers and encashment of LPR but same was not disbursed to quarter concerned.

Audit was of the view that lapse occurred due to weak financial and supervisory controls on payment of financial assistance and encashment of LPR.

The matter was pointed out during March 2018. The management noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and fixing responsibility for lapse besides doing needful and strengthening controls to avoid recurrence of lapse in future.

(PDP Nos.23974 & 23975 – S.S.P. Telecommunication, Lahore – 2016-17)

11.4.50 Loss due to non-auction of canteens- Rs 1.04 million

As per Rule 19 of Part-I under Second Schedule to Punjab Delegation of Financial Powers Rules 2016, officers in category-II & III have full powers to auction service outlet/ canteen, leases of fruit trees and sale of grass growing in the compounds of government buildings/land subject to leases being openly auctioned for a period not exceeding three years.

During audit of the Home Department, it was observed that canteens were found functioning in the office premises but neither the same were auctioned nor money received was deposited into government account causing loss of Rs 1,044,000. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No	Amount (Rs)
1	City Police Officer, Faisalabad	2017-18	27541	396,000
2	City Police Officer, Faisalabad	2016-17	24481	360,000
3	SP/ Battalion Commander, PC-4 Battalion, FSD	2016-18	27292	288,000
Total				1,044,000

Audit was of the view that lapse occurred due to weak financial and supervisory controls on receipt management.

The matter was pointed out to the concerned formations in November 2017 and August 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and fixing responsibility for lapse besides doing needful and strengthening controls to avoid recurrence of lapse in future.

11.4.51 Utilization of ration/dietary articles without mandatory inspections- Rs 195.76 million

According to Rule 984 of the Jail Manual, 1934, the Senior Medical Officer of the Prison shall inspect the cook house daily and examine all uncooked rations/dietary articles to check their quality and quantity.

During audit of Home Department, it was observed that ration/dietary articles valuing Rs.195,757,443 were utilized without mandatory inspections of doctor as no inspection report was found enclosed with the bills. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No	Amount (Rs)
1	District Jail Gujrat	2015-18	27341	105,619,997
2	Central Jail Lahore	2017-18	29836	90,137,446
Total				195,757,443

Audit was of the view that disregard to the mandatory provision of rules made due to weak supervisory controls.

The matter was pointed out during February & November, 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends investigation, fixing the responsibility for utilizing ration/dietary articles without mandatory inspections besides strengthening controls to avoid recurrence of lapse in future.

11.4.52 Unauthorized/Irregular deposit of shops' rent into Punjab Police Welfare Account and Prison Foundation Welfare Account-Rs. 16.52 million

Rule 7(i) under section (v) of Punjab Treasury Rules requires that all moneys received by or tendered to Government servants shall without undue delay be paid in full into the treasury or into the bank. No department of the Government may keep such money out of the consolidated fund or public account of the province. No department of the Government may require that any such money be kept out of the Consolidated Fund or the Public Account of the Province.

During audit of Home Department, it was observed that income generated from the rent of shops valuing Rs 16,523,488 was deposited into Punjab Police Welfare Account instead of Government Account. In case of formation at Sr. No. 1, revenue was also collected without advertising auction proceedings of shops on the website of authority. The rental income for the period July 2014 to August 2015 was also not shown to audit. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No	Amount (Rs)
1.	SSP, Police Training School, Sargodha	2014-18	28562	10,322,368
2.	District Jail Lahore	2017-18	30578	6,201,120
Total				16,523,488

Audit was of the view that lapse occurred due to weak financial and supervisory controls on receipt management.

The matter was pointed out during October & November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and fixing responsibility for lapse besides doing needful and strengthening controls to avoid recurrence of lapse in future.

11.4.53 Un-authorized deployment of vehicles-Rs.2.67 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of District Police Officer, D.G. Khan for the year 2016-17, it was observed that four vehicles were deployed with Range Office which was independent office having its own vehicles and an amount of Rs.2,671,969 was incurred on POL and repair of vehicles which was held unauthorized due to un-authorized deployment of vehicles.

Audit was of the view that weak internal controls on funds utilization resulted in unlawful expenditure from public exchequer.

The matter was pointed out during August, 2017. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and fixing responsibility for lapse besides doing needful and strengthening controls to avoid recurrence of lapse in future.

(PDP No.24309 – DPO D.G. .Khan – 2016-17)

11.4.54 Unjustified payments of salaries to officials/officers- Rs. 2,427.29 million

According to Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held personally responsible for any over charges.

During audit of Capital City Police Officer, Lahore for the year 2017-18, it was observed that employees ranging from 5627 to 5958 were shown drawing pay and allowances from the cost center LO-4114 whereas the total number of employees on the strength of CCPO Lahore was only 722 as mentioned in CCPO letter No.14924-26/E&T-II dated 19.03.2018. The approved sanctioned strength of Finance department was not provided for verification. Employees of DIG operations, investigation and security were also drawing pay from the same cost center despite the fact that all of the above mentioned offices have separate DDO powers and separate budget was allocated for contingencies and pay to these offices. The payroll of all the employees of these offices was combined, hence, audit was unable to verify the pay and allowances of staff actually working in CCPO office separately.

Audit was of the view that due to weak internal controls on pay & allowances management, the chances of fraudulent/unauthorized withdrawals of pay and allowances could not be ruled out.

The matter was pointed out during October 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends investigation, fixing the responsibility for unjustified withdrawals besides strengthening administrative controls to avoid recurrence of such lapse in future.

(PDP No.28674 –City Police Officer, Lahore – 2017-18)

11.4.55 Doubtful payments of arrears of utility bills- Rs 1.93 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Police Training College Chung, Lahore for the year 2016-17, it was observed that Rs 1,928,743 was paid as arrears of electricity, gas and telephone bills which was held doubtful as utility bills were regularly paid from allocated budgetary provisions. The liability register was also not maintained to check the authenticity of payments.

Audit was of the view that doubtful payments of arrears of utility bills was made due to weak financial and supervisory controls.

The matter was pointed out during March 2018. The management replied that record would be thrashed out and quarter concerned would be requested for adjustments of payments in upcoming bills.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommend investigation, responsibility for doubtful payments fixed besides strengthening controls to avoid recurrence of such lapses in future.

(PDP No.25584 – Commandant Police Training College Chung, Lahore – 2016-17)

11.4.56 Unjustified payment of salary of factory employees- Rs 2.77 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Superintendent Borstal Institute and Juvenile Jail Bahawalpur, scrutiny of the expenditure statement revealed that Rs 2,774,353 was shown expended against salary head of factory employees whereas factory employees had already been shifted to Central Jail since last seven years.

Audit was of the view that doubtful payments of salaries to factory employees made due to weak financial and supervisory controls.

The matter was pointed out during October 2018. The management did not respond to the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be investigated, responsibility for doubtful payments of salaries be fixed besides strengthening controls to avoid recurrence of such lapses in future.

(PDP No.28649 –Superintendent Borstal Institute & Juvenile Jail B/Pur- 2017-18)

11.4.57 Doubtful purchase of POL for generator- Rs 491,098

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of the District Jail Kasur for the year 2015-18, it was observed that against the generator's tank capacity of 200 liters, 6,709 liters POL valuing Rs 491,098 was purchased without having any other source for preservation of fuel.

Audit was of the view that doubtful purchase of POL for the generator made due to weak internal controls.

The matter was pointed out during September 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and fixing responsibility for lapse besides doing needful and strengthening controls to avoid recurrence of lapse in future.

(PDP No.27354 – District Jail Kasur – 2015-18)

11.4.58 Misuse of public money- Rs.129,148

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of DG Child Protection and Welfare Bureau Punjab, Lahore for the year 2016-17, it was observed that funds were allocated for

hiring of hiace wagon for children tours outside the city whereas from allocated funds, an amount Rs.129,148 was utilized for rent of Toyota Corolla car.

Audit was of the view that utilization of funds for other purposes was made due to weak financial and administrative controls.

The matter was pointed out during February, 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends investigation besides recovery of loss involved.

(PDP No.23073 – D.G.Child Protection and Welfare Bureau Punjab, Lahore – 2016-17)

11.4.59 Non maintenance of scale audit register/audit register/non production of pay roll 2017-2018 and illegal drawing of allowances having no finance department notification/budgetdetail-involving million of rupees

According to Rule 2.32 (a) of PFR Vol-1, all details about all accounts shall be recorded as fully as possible, so as to satisfy any enquiry that may be made into the particulars of any case.

During audit of office of DPO Vehari for the period 2017-18, it was observed that Department neither maintained the Scale audit register, Audit register for the payment of salary to employees nor produced the monthly pay rolls to audit for scrutiny. (Soft copy was provided without monthly summaries). In the absence of scale audit register/Pay rolls, audit could not authenticate the salary/allowances paid to employees of the department. There was monthly variation in the salary due to transfer and

posting of staff but no reconciliation was prepared of monthly change in salary. Audit observed that during the month of Nov-17, huge variation of Rs,10,988,266 from the previous month and next month was observed but due to non maintenance of scale audit/audit register, reason for change in salary was not found which required justification. Audit was of the view that if pay rolls were not being provided by the DAO office, department was required to prepare the scale audit register which was not prepared and required justification. Further, during the scrutiny of expenditure statement, it was observed that expenditure of Rs. 3,701,870 was shown incurred under the head of accounts- AO1229- Special Compensatory allowance, Rs 75000 under head of account- AO121V- Spl Assignment Allowance, Rs.10,316,760 in head of account- AO1270-Other, but no copy of Finance Department letter for admissibility of such allowance was produced to audit. Audit was of the view that in Police department, there is no compensatory allowance and “other head of account” and drawl of salaries under those head of accounts require justification along with admissibility letter of Finance Department.

Audit was of the view that the lapse was due to failure of supervisory and financial internal controls.

The matter was pointed out during October 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed besides regularization of irregularity from Finance Department.

(PDP No.30651 –DPO Vehari – 2017-18)

Recoveries & Overpayments

11.4.60 Non recovery of police guard charges-Rs.859.83 million

As per Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account. Moreover, as per Rule 2.37 *ibid*, the payment shall be required in all cases where a government department renders services or makes supplies to a non-government body/institution.

During audit of Home Department, it was observed that police guard services were provided to various departments, autonomous bodies and banks but service charges amounting to Rs 859,832,163 were not recovered from them. The details are as under:

Sr. No	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	B. Commander, PC Battalion-7, Lahore	2016-17	25765	511,352,228
2	CCPO Lahore	2017-18	28660	85,865,863
3	District Police Officer, Gujrat	2017-18	29164	81,733,341
4	City Police Officer, Rawalpindi	2017-18	26054	43,755,547
5	CCPO, Lahore	2016-17	24187	32,516,222
6	City Police Officer, Faisalabad	2016-17	24470	28,334,171
7	District Police Officer, Sialkot	2017-18	26674	14,348,774
8	District Police Officer, Attock	2016-18	26857	13,313,466
9	S.P., B.Commander, PC Battalion-7, Lahore	2016-17	25885	9,972,363
10	District Police Officer, Jhang	2017-18	25286	6,356,298
11	City Police Officer, Faisalabad	2017-18	27539	6,084,476
12	District Police Officer, Narowal	2016-18	26997	5,904,072
13	District Police Officer, D. G Khan	2016-17	24288	5,455,140
14	District Police Officer, R.Y.Khan	2016-18	29253	5,105,544
15	District Police Officer, Hafizabad	2017-18	26935	3,443,900
16	District Police Officer, Bhakkar	2016-18	25247	3,270,965

Sr. No	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
17	District Police Officer, R.Y.Khan	2016-18	29245	2,856,402
18	City Police Officer, Gujranwala	2017-18	26735	163,391
Total				859,832,163

Audit was of the view that weak internal controls on recoveries resulted in non-recovery of police guard charges.

The matter was pointed out to concerned formations during November 2017, March, May and August to October 2018. The formations at Sr. Nos. 5, 14 & 17 did not offer comments. The remaining formations noted the observations for compliance

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends prompt recovery of the stated amount besides fixing the responsibility.

11.4.61 Unauthorized payment of various allowances-Rs.135.26 million

Finance Department letter No.FD.PR.6-2/04, dated 20th April, 2006 disallows Fixed Daily allowance to official who avails leave or not perform operational duty for more than 11 days in a month. Further, as clarified by Government of the Punjab vide Finance Department letter No.FD.PR.6-1/2014 dated 18.12.2014, Fixed Daily Allowance was not admissible during training. As per Finance Department letter no. FD/SR-I-3-21/74(P) dt. 16.02.201987, the Fixed Travelling Allowance was admissible to officials posted in Health, Cooperative, Irrigation, Board of Revenue, Livestock and Dairy Development, Forest, Excise & Taxation,

Housing and Physical Planning Departments. In Home Department, the only holder of posts of Baliff and process server were entitled to receive Fixed TA/ I. According to the Government Contract Appointment Policy notified by the Government of the Punjab, Services and General Administration Department (O&M) Wing vide no. D.S.(O&M) 5-3/2004, contract (M.F), dated 29-12-2004, where appointment is made in the prescribed pay scale of the post, 30% of minimum pay scale be paid as social security benefits in lieu of pension. It was not admissible to the regular employees. Vide Home Department letter no. SO (Prs) 18-24/2009 dt. 26.09.2009, Prison Allowance was admissible to officers/ officials of Prison Department. Moreover, according to Rule 2.31 of PFR, Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and mis-appropriations.

During audit of Home Department, it was observed that various allowances amounting to Rs. 135,262,262 (Annexure-51) were paid to the officers/officials for which they were not entitled.

Audit was of the view that weak internal controls on payroll and disregard to government instructions/rules resulted in unauthorized/inadmissible payment of pay & allowances.

The irregularities were pointed out to concerned formations in August, October November 2017 and in February, March, May and July to November 2018. The formations at Sr. Nos. 2, 7, 12, 15, 21, 39, 48 to 50, 52, 58, 69, 71, 73 & 79 did not furnish replies. The rest of the formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility for overpayment be fixed, recovery be effected from officers/officials concerned and credited into government treasury besides strengthening of supervisory and financial controls.

11.4.62 Non-deposit of government receipts into Treasury-Rs.73.07 million

As per Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue or other debts due to Government, which have to be brought to account are correctly and promptly assessed, realized and credited to government account.

During audit of Home Department, it was observed that income was generated by various formations through auction of land, canteens, police band, income from petrol pump, utility charges and school bus fee. The income generated through aforementioned activities amounting to Rs. 73,072,408 was not deposited into government treasury, detailed as under.

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of receipt	Amount (Rs.)
1	City Police Officer, Faisalabad	2017-18	27542	Income from petrol pump	25,028,510
2	City Police Officer, Faisalabad	2016-17	24484	Income from petrol pump	21,729,192
3	District Police Officer, D G Khan	2016-17	24287	Outstanding income of police petrol pump against various govt. departments	10,221,659
4	City Police Officer, Faisalabad	2016-17	24488	-do-	9,141,324
5	District Police Officer, D G Khan	2016-17	24313	Loans not recovered from employees granted out of income to petrol pump	1,468,000
6	Police Training School, Sargodha	2014-18	28573	Auction money of land	1,402,000
7	Commandant Police College, Sihala, Rawalpindi	2016-17	23743	Utility charges recovered from employees	1,396,872

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of receipt	Amount (Rs.)
8	Battalion Commander, PC Battalion-II, Rawat, Rawalpindi	2016-18	26985	Canteen income and utility charges	1,080,000
9	City Police Officer, Faisalabad	2017-18	27550	Income of police musical band	486,000
10	City Police Officer, Faisalabad	2016-17	24483	Income of police musical band	430,500
11	Principal Police Training School, Rawalpindi	2014-18	26940	Income of bus fee	405,540
12	District Jail, Rahim Yar Khan	2015-18	28587	Less recovery of jail canteen	282,811
Total					73,072,408

Audit was of the view that weak supervisory and financial controls leads to non-deposit of income into government treasury.

The matter was pointed out to concerned formations during August, October and November, 2017 and from August to October 2018. The formations at sr. Nos. 2,4,7 & 10 did not offer reply. The remaining formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter to fix the responsibility for the non-deposit of government receipt and deposit the stated amount into government treasury.

11.4.63 Non-recovery of fines from officials-Rs.8.63 million

As per Rule 4.1 of PFR Vol-I, the departmental controlling officers should see that all sums due to government are regularly received and checked against demands, and that they are paid into the Treasury.

During audit of Home Department, it was observed that fine amounting to Rs.8,630,799 was imposed on officers/officials due to misconduct or absence from duty but recovery was not made from them. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	City Police Officer, Multan	2016-17	25027	2,540,919
2.	District Police Officer, Kasur	2016-18	27271	2,196,744
3.	DIG, Operations, Lahore	2017-18	30623	1,599,056
4.	District Police Officer, Jhang	2017-18	25276	669,000
5.	Battalion Commander, PC Battalion-V, Lahore	2016-17	25883	381,926
6.	City Police Officer, Faisalabad	2017-18	27534	275,500
7.	Battalion Commander, PC Battalion-I, Lahore	2017-18	29188	236,437
8.	DIG, Investigation (CCPO), Lahore	2017-18	29828	228,638
9.	District Police Officer, Narowal	2016-18	27010	192,500
10.	B. Commander, PC Battalion-VII, Lahore	2016-17	25776	153,058
11.	Battalion Commander, PC Battalion-I, Lahore	2016-17	23735	83,200
12.	District Jail, Kasur	2015-18	27356	73,821
Total				8,630,799

Audit was of the view that weak internal controls on recoveries resulted in non-recovery of fine imposed.

The matter was pointed out to concerned formations during October 2017, March, May and July to October 2018. All the formations noted the observation for compliance except the formation at Sr. No. 1 which did not offer comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls, effect recovery of the stated amount and deposit the same into government treasury.

**11.4.64 Irregular excess drawl of POL than the prescribed ceiling-
Rs.690.89 million**

According to the instructions contained in Chief Secretary Punjab's letter no. AA/DS (G) 157/90, dated 03.7.1991, the patrolling vehicles of Police Department in Metropolitans and Municipal Corporations are entitled to consume 250 and 200 litres of fuel per month respectively.

During audit of Home Department Punjab, it was noticed that above mentioned prescribed POL ceiling was not adhered to and excess POL was consumed than entitled. An amount of Rs 690,894,534 (Annexure-52) was spent in excess of entitlement.

Audit was of the view that weak internal controls and financial mismanagement led to irregularity and loss to government.

The matter was pointed out to concerned formations during August, October, November 2017, February, March, May and July to October 2018. The formations at Sr. Nos.2, 6, 7, 17, 24, 27 & 37 did not offer replies. The formations at Sr. No. 26 stated that limit was crossed in case of municipal limits. The formation at Sr. No. 34 replied that matter would be taken up with administrative department. The formation at Sr. No. 36 stated that matter would be referred for recovery while remaining DDOs noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to effect recovery of loss from concerned and deposit it into government treasury.

11.4.65 Non auction of used mobil oil-Rs. 2.15 million

As required under rules 15.3 of PFR, Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Home Department, it was observed that used mobil oil valuing Rs. 2,153,535 approximately was not auctioned. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	SP Pb. Highway Patrol, G/Wala Region, G/Wala	2016-18	27609	540,920
2.	District Police Officer, D. G. Khan	2016-17	24311	416,800
3.	City Police Officer, Gujranwala	2017-18	26728	350,000
4.	Police Training School, Multan	2015-18	28556	319,830
5.	C.P.T College, Chung, Lahore	2017-18	27317	197,925
6.	Commandant, Battalion no. 4, Punjab Constabulary, Faisalabad	2016-18	27299	147,600
7.	Additional I. G. Punjab, Highway Patrol, LHR	2017-18	29194	105,520
8.	DIG, Police Traffic, Lahore	2017-18	27456	74,940
Total				2,153,535

Audit was of the view that weak management and financial controls resulted into non auction of used mobil oil.

The matter was pointed out to concerned formations in August 2017 and from July to October 2018. The formations at Sr. No.1 did not furnish reply, while the remaining formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends the auction of these items as early as possible to avoid further public loss.

11.4.66 Non recovery of traffic ticket fines and pending traffic challans-Rs. 20.88 million

According to Rule 4.7 (1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Home Department, it was observed that traffic fines of Rs. 20,883,798 imposed on defaulters were not recovered. Moreover, 15869 traffic challans were pending in different courts. In case of sr. no.2, the amount was shown as deposited but cash book, bank scroll etc were not maintained/shown. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	No. of challans pending in courts	Amount (Rs.)
1	Additional Inspector General of Punjab, Highway Patrol, Lahore	2017-18	29189	0	9,907,898
2	SP, Punjab Highway Patrol, Gujranwala Region, Gujranwala	2016-18	27594	0	3,540,750
3	District Police Officer, Lodhran	2016-18	27580	12271	3,159,000
4	SP, PHP, Bahawalpur	2016-18	28596	0	2,471,050
5	District Police Officer, Sialkot	2017-18	26682	3598	945,800
6	SSP, Traffic Bahawalpur Region, Bahawalpur	07/2016 to 11/2016	28613	0	497,950
7	D.P.O., T.T.Singh	2016-18	26847	0	361,350
Total				15869	20,883,798

Audit was of the view that weak and ineffective mechanism resulted in non recovery of traffic fines.

The lapse was pointed from August to November 2018. All the managements noted the observations for compliance whereas the management mentioned at Sr. Nos. 2 & 6 did not furnish any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to expedite recovery process and pursuance of court cases besides implementing an effective recovery mechanism.

11.4.67 Non/less deduction of Punjab Sales Tax-Rs 1,410.42 million

The Govt. of the Punjab Finance Department vide letter No. SO(Tax) 1-2/97 (withholding) dated 18th July 2014 levied provincial sales tax @ 16% on service.

During audit of Home Department, it was observed that withholding tax/provincial sales tax amounting to Rs. 1,410,422,219 (Annexure-53) was either not deducted or less deducted at source from the concerned.

Audit was of the view that weak internal controls and financial mismanagement led to deprivation of revenue.

The lapse was pointed out during November 2017, February, March, May and July to October 2018. The managements at Sr. Nos. 5 & 23 did not furnish any reply. The formations at Sr. Nos. 7, 12 & 19 stated that PST was not leviable. The remaining managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls on taxation, effect recovery of the stated amount of the taxes and deposit the same into relevant treasury.

11.4.68 Overpayment of Prison allowance –Rs.243,475

As per Home Department letter No. SO (Prs) 18-24/2009 dated 26.09.2009, Prison Allowance was admissible to officers/ officials of Prison Department. Moreover, as per Rule 2.31 of PFR Vol-I, drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriation.

During audit of Home Department, it was observed that Jail officials suspended and lady medical officer were being paid Prison allowance valuing Rs 243,475 irregularly contrary to the above provisions. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Supdt. Central Jail, Lahore	2016-17	23960	118,200
2.	Supdt. Central Jail, Lahore	2017-18	29842	71,741
3.	Supdt. District Jail, Kasur	2015-18	27352	53,534
Total				243,475

Audit was of the view that weak supervisory and financial controls led to overpayment of inadmissible allowances.

Audit pointed out the lapse during March, September and November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls on payment of pay and allowances, effect recovery of the stated amount and deposit the same into treasury.

11.4.69 Non-levy of stamp duty -Rs.5.19 million

Government of the Punjab vide Section 22(A)(b) of Schedule-I of Stamp Act 1899 read with Finance Act 1995 (Act-VI of 1995) levied stamp duty on the contracts entered into for procurement of stores and materials by a contractor with government, agencies or organizations set up or controlled by the provincial government at the rate of 25 paise for every Rs.100 or part thereof of the amount of contract.

During audit of Home Department, it was observed that managements entered into contracts with various firms/contractors for procurement of stores but the stamp duty at prescribed rates was not recovered which caused loss of Rs 5,193,988 to public exchequer. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1.	Inspector General Prisons, Lahore Region, Lahore	2016-17	25647	2,168,594
2.	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2017-18	27020	509,471
3.	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2016-17	23072	436,750
4.	Police Training School, Multan	2015-18	28546	394,007
5.	SP, Police Training School, Sargodha	2014-18	28571	365,597
6.	Supdt. District Jail, Lahore	2016-17	25619	318,174
7.	Principal, Police Training School, Rawalpindi	2014-18	26948	206,420
8.	Supdt. District Jail, R.Y.Khan	2015-18	28585	149,789
9.	Supdt. Central Jail, Gujranwala	2017-18	29859	166,361
10.	Commandant, Police Training School, Chung, Lahore	2016-17	25587	165,222
11.	Additional IGP Special Branch, Lahore	2017-18	30588	122,004
12.	Supdt. District Jail, Attock	2016-18	27561	107,149
13.	Supdt. Central Jail, Lahore	2017-18	29837	84,450
Total				5,193,988

Audit was of the view that weak internal controls on taxation resulted in non-deduction of stamp duty.

The matter was pointed out to concerned formations during February, March, July and September to November 2018. The formation at sr. no. 1 stated that amount had been recovered but full amount was not recovered. The formation at sr. no. 2 did not furnish reply. The remaining formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls on taxation, effect recovery of the stated amount of the taxes and deposit the same into relevant head of account.

11.4.70 Overpayment of Conveyance Allowance-Rs.7.03 million

As per Govt. of the Punjab Finance Department's circular letter No. FD-SR-1-9-4/86 (P) dt. 15.10.2011 & F. D. SR-I9-4/86 (P)(PR) dt. 21.04.2014, the employees who are residing in the residential colonies situated within work premises are not entitled to the facility of conveyance allowance and officers who were availing govt. vehicles including bikes were not entitled to the facility of Conveyance allowance. The staff on leave on full pay was also not entitled to draw the same.

During audit of Home Department, it was observed that officers / officials were residing in government accommodation situated within work premises, were using govt. owned vehicle and were on leave on full pay but were also drawing conveyance allowance amounting to Rs 7,026,200 in contravention to government instructions. The officer posted in formation at sr. no. 5 was drawing monetization of transport in spite of availing of transport facility.

The details are as under:

Sr. No	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	Commandant Police Training College, Chung, Lahore	2016-17	25598	1,794,888
2	Regional Officer, CTD, Lahore	2016-17	25899	1,192,464
3	Supdt. District Jail, Rahim Yar Khan	2016-18	29260	1,062,432
4	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2016-17	23066	549,096
5	Punjab Safe Cities, Lahore	2015-18	27635	484,922
6	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2017-18	27031	420,000
7	Elite Police Training School, Lahore	2016-17	25454	334,957
8	Supdt. District Jail, Chakwal	2016-18	28643	262,752
9	Inspector General of Prisons, Punjab, Lahore	2016-17	25637	240,000
10	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2016-17	23071	207,396
11	DIG, Prisons, Multan Region, Multan	2013-18	26695	190,725
12	Supdt. District Jail, Lahore	2016-17	25625	177,568
13	Police Training School, Multan	2015-18	28559	109,000
Total				7,026,200

Audit was of the view that weak internal controls on payroll and disregard to government instructions/rules resulted in unauthorized/inadmissible payments of Conveyance allowance.

The irregularities were pointed out to concerned formations during February, March, May and July 2018. All the formations noted the observations for compliance except at Sr. Nos. 6 & 12 who did not furnish reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls on pay and allowances, effect recovery and deposit the same into relevant head of account.

11.4.71 Unauthorized Payment of House Rent and non deduction of 5% maintenance charges-Rs.9.18 million

As per Finance Department's letter No. FD (M-I) 1-15/82-P-I, dated 15.01.2000, the drawl of house rent allowance is not permissible to the officers/officials to whom government residences have been provided. In addition 5% maintenance charges are also required to be deducted from the salary of officers/officials who have been allotted official accommodation and House rent allowance @ 45 % is admissible at Divisional headquarter and at Sialkot within municipal limits @ 30 % at rest of places in lieu of Govt. accommodation.

During audit of Home Department, it was observed that officials were residing in government accommodation situated within work premises and were also drawing house rent and 5% of pay as maintenance charges was not being deducted. The staff was overpaid house rent @ 45% instead of 30%. The conveyance allowance and utility charges were also not recovered. The detail is as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	Supdt. District Jail, Faisalabad	2015-18	26972	1,835,553
2	SP, Punjab Highway Patrol, Gujranwala Region, Gujranwala	2016-18	27599	1,307,904
3	Supdt. Central Jail, Gujranwala	2017-18	29854	1,201,659
4	Supdt. District Jail, Faisalabad	2015-18	26975	1,104,779
5	City Police Officer, Faisalabad	2016-17	24475	833,508
6	City Police Officer, Faisalabad	2017-18	27547	738,318
7	Supdt. District Jail, Lahore	2016-17	25616	606,582
8	City Police Officer, Multan	2016-17	25039	459,690
9	District Police Officer, Hafizabad	2017-18	26918	361,800

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
10	Supdt. District Jail, Multan	2014-18	27285	183,008
11	Elite Police Training School, Lahore	2016-17	25453	139,812
12	Police Training School, Multan	2015-18	28558	135,110
13	Commandant DIG/ SP, Punjab Constabulary No. 06, Farooqabad, Sheikhpora	2016-18	29157	116,786
14	Battalion no.02, Punjab Constabulary, Rawat, Rawalpindi	2016-18	26983	104,928
15	Punjab Prisons Training Institute, Lahore	2014-17	25749	45,920
Total				9,175,357

Audit was of the view that weak internal controls on payroll and disregard to government instructions/rules resulted in unauthorized/inadmissible payments of pay & allowances to the tune of Rs. 9,175,357.

The irregularities were pointed out to concerned formations during October, November 2017 and May, August to November 2018. All the formations noted the observations for compliance except formations at sr. nos. 2, 5 & 8 who did not furnish replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility for overpayment be fixed, recovery be effected from officers/officials concerned and credited into government treasury besides strengthening of supervisory and financial controls.

11.4.72 Non recovery of penal rent-Rs.33.44 million

According to Government of the Punjab, Finance Department letter No.FD.SR.1.3-4/85(Pt.I) dated 13.08.2002, penal rent @60 percent of pay for the period of unauthorized occupation of government residences is to be deducted from the pay of non-entitled occupants.

During audit of Home Department, it was observed that various occupants of government residences either retired/removed from service or transferred to some other stations but accommodation was not vacated within stipulated period. The government residences in their possession accordingly became unauthorized beyond some specific periods. Accordingly, recovery of penal rent valuing Rs 25,639,351 was required to be charged from their salaries. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	Supdt. District Jail, Faisalabad	2015-18	26968	7,802,094
2	Supdt. District Jail, Lahore	2016-17	25610	4,822,332
3	Supdt. District Jail, Lahore	2017-18	30586	3,639,972
4	City Police Officer, Faisalabad	2016-17	24496	3,595,050
5	Supdt. Central Jail, Sahiwal	2016-17	23964	2,665,636
6	Inspector General of Prisons, Punjab, Lahore	2016-17	25632	2,566,374
7	Supdt. Central Jail, Sahiwal	2016-18	27613	2,379,204
8	Supdt. Central Jail, Lahore	2017-18	29846	2,028,600
9	City Police Officer, Faisalabad	2017-18	27531	1,507,680
10	District Police Officer, Kasur	2016-18	27269	1,299,366
11	Supdt. Borstal & Juveniel Jail, Bahawalpur	2017-18	28658	773,547
12	Supdt. District Jail, Manid Bahau Din	2015-18	28623	361,590
Total				33,441,445

Audit was of the view that weak management controls resulted in unauthorized occupations of government residences and weak internal controls on payroll resulted in non-recovery of penal rent.

The matter was pointed out to concerned formations during November 2017, February and August to October 2018. The formation at sr.no. 2 stated that staff was authorized to rent free accommodation which was not agreed. The remaining formations noted the observation for compliance except at sr. nos. 4 & 5 who did offer replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should get the government residences vacated from the unauthorized occupants, calculate the recovery of penal rent up till such period, effect recovery and deposit the same into government treasury.

11.4.73 Non recovery of utility charges from the occupants of residences- Rs.3.31 million

As per Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to government account.

During audit of Home Department, it was observed that government residences were allotted to officers/officials and the electricity/gas charges were being provided from the bulk supply of Police Lines/jail but utility charges amounting to Rs. 3,317,462 were not recovered from the residents. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of recovery	Amount (Rs.)
1	Supdt. District Jail, Faisalabad	2015-18	26976	sui gas	917,268
2	Supdt. District Jail, Lahore	201718	30587	utility	395,800
3	Supdt. Central Jail, Lahore	2016-17	23961	Electricity	374,500
4	Supdt. Central Jail, Mianwali	2016-18	27254	Electricity	344,240
5	S.P, Battalion Commander, PC Battalion-02, Rawat, Rawalpindi	2016-18	26982	Electricity	247,000
6	Supdt. Central Jail, Lahore	2017-18	29843	Electricity	234,300
7	Supdt. Central Jail, Rawalpindi	2017-18	26957	Electricity	178,000
8	Supdt. Central Jail, Mianwali	2016-18	27255	Electricity	626,354
Total					3,317,462

Audit was of the view that weak management controls resulted in non recovery of utility charges.

The matter was pointed out to concerned formations during March, August, September, and November 2018. All formations noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should develop a mechanism for prompt recovery of amount of utility charges besides immediate recovery and its deposit into government treasury.

11.4.74 Non/less deduction of withholding tax-Rs.77.59 million

Section 153(1)(a) of Income Tax Ordinance, 2001 read with Finance Act 2014 requires that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the sale of goods shall, at the time of making the payment, deduct tax from the gross amount @4% in case of a company and 4.5% other than company. Similarly, in case of services 7% in case of a company and 10% other than a company for filer of income tax returns and 15% for non filer.

During audit of Home Department, it was observed that withholding tax amounting to Rs. 77,589,171 (Annexure-54) was either not deducted or less deducted at source from the concerned.

Audit was of the view that weak internal controls and financial mismanagement led to deprivation of revenue.

The matter was pointed out in October, November 2017 and January to March, August and October 2018. The formations at sr. nos. 1, 2, 8, 10, 15& 18 stated that welfare projects were exempt. The formations

at sr.nos. 3&17 did not furnish reply. The remaining formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends recovery of income tax and its deposit into government treasury besides strengthening of internal and financial controls.

11.4.75 Non-recovery of cost of jail manufactured articles – Rs.35.83 million

As per Rule 4.1 of PFR Vol-I, all sums due to Government should be regularly received and deposited into Government Treasury. The departmental controlling officers should accordingly see that all sums due to Government are regularly received and checked against demands, and that they are paid into the treasury.

During audit of Home Department, it was observed that recoveries amounting to Rs.35,830,562 were still recoverable from various jails since long. The department did not take remedial measures to recover the outstanding dues. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	Supdt. Central Jail, Rawalpindi	2017-18	26952	12,476,637
2	Supdt. Central Jail, Lahore	2016-17	23959	7,027,090
3	Supdt. Central Jail, Mianwali	2016-18	27252	6,867,811
4	Supdt. Central Jail, Sahiwal	2016-18	27610	5,550,800
5	Supdt. Central Jail, Lahore	2017-18	29841	2,930,450
6	Supdt. Central Jail, Gujranwal	2017-18	29860	809,376
7	Supdt. Women Jail, Multan Lahore	2014-18	27344	168,398
Total				35,830,562

Audit was of the view that weak internal controls and financial mismanagement led to deprivation of revenue.

The matter was pointed out during March, August, September and November 2018. All the formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that steps may be taken for early recovery of amount of income tax and its deposit into government treasury besides strengthening of internal and financial controls.

11.4.76 Loss of weapons – Rs.22.24 million

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part. Moreover, as per Rule 2.35 (2) *ibid*, losses occurring in offices, should at once be reported to the Head of the Department concerned. The report on a loss occurring in the office of a Head of a Department may be submitted direct to government.

During audit of Home Department, it was observed that some weapons valuing Rs 22,239,270 issued to staff were misplaced/stolen found short/not returned after transfer. The action taken for recovery of weapons or cost thereof was not informed to audit. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Details of loss	Amount (Rs.)
1	City Police Officer, Rawalpindi	2017-18	26065	weapons misplaced/ stolen and not retrieved since 1970,	10,002,790

Sr. No.	Name of formation	Period of Audit	PDP No.	Details of loss	Amount (Rs.)
2	Elite Police Training School, Lahore	2016-17	25442	weapons not returned after transfer	6,966,480
3	DIG, Operations, Lahore	2017-18	30606	Weapons found short	4,500,000
4	District Police Officer, Gujrat	2017-18	29173	weapons not returned after transfer	770,000
Total					22,239,270

Audit was of the view that weak internal controls and financial mismanagement led to loss of weapons.

The matter was pointed out during July, August and October 2018. The formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that steps be taken for either for retrieval of weapons or cost thereof besides strengthening of internal and financial controls.

11.4.77 Non-deposit of receipts into government treasury- Rs. 100.18 million

As per Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue or other debts due to Government, which have to be brought to account are correctly and promptly assessed, realized and credited to government account.

During audit of Home Department, it was observed that in contravention of above rule income amounting to Rs. 100,179,254 was generated by the department through auction of canteens, shops but the

same was not deposited into Government Treasury. In case of formation at sr. no. 12 the rent was not enhanced@10%. The details are as under:

Sr. No	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	Central Jail Rawalpindi	2017-18	26955	15,474,995
2	Central Jail, Lahore	2017-18	29834	14,100,000
3	Central Jail, Lahore	2016-17	23965	13,120,000
4	Supdt. District Jail, Faisalabad	2015-18	26966	12,390,000
5	C.P.O. Gujranwala	2017-18	26699	11,138,627
6	Central Jail, Gujranwala	2017-18	29848	9,006,668
7	Supdt. District Jail, Gujrat	2015-18	27327	8,705,000
8	Supdt. District Jail, Kasur	2015-18	27347	6,456,000
9	District Jail Rahimyar Khan	2015-18	28578	3,896,883
10	District Jail M.B.Din	2015-18	28618	3,675,786
11	Supdt. District Jail, Attock	2016-18	27559	1,488,300
12	Central Jail, Lahore	2017-18	29839	656,000
13	District Jail Chakwal	2016-18	28641	70,995
14	Punjab Safe Cities Authority, Lahore	2015-18	27646	0
Total				100,179,254

Audit was of the view that weak internal controls and financial mismanagement led to loss of Govt. revenue.

The matter was pointed out during March, August and November 2018. The formation at sr. no. 5 stated that rent of the shops was being used for welfare of Police Personnel which was not acceptable as approval from Finance Department was not obtained. The formation at sr. no. 14 stated that canteen was being run on trail basis which was not agreed. The remaining formations noted observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that steps be taken either for early recovery and deposit it into treasury besides strengthening of internal and financial controls.

11.4.78 Recovery of pay and allowances for the period treated as leave without pay- Rs.13.50 million

Rule 2.31(a) of PFR Vol-I provides that a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of Home Department, it was observed that period of unauthorized absence was declared leave without pay by the competent authority. The recovery of pay and allowances of the said period was not found effected. It resulted into non-recovery of Rs.13,498,021 (Annexure-55). Recovery of cash fine imposed by the authority was also not made from concerned police officials.

The lapse was pointed out during November 2017, March, May and August to November 2018. The managements noted the observations for compliance except at sr. nos. 3& 4 who did not furnish replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to make recovery from the concerned police officers/officials besides strengthening of the internal controls.

11.4.79 Over payment of ration allowance to trainees-Rs. 53.09 million

A free ration/free mess facility was being provided to all trainees out of Govt. revenue up to the cost of Rs.150/- per Trainee per day as sanctioned by the Government vide Letter No.FD (FR)II-2/80 (Police) Dated 07.05.2009 @Rs.150 per day per trainee.

During audit of following offices of the Home Department, it was observed that Police officials (Constables Sis/ASIs and head constables were deputed for various training course with the Police Training College Sihala/Training School Chung Lahore/Police Training School Sargodha/Elite Police Training Center Badian Road Lahore for completion of their training courses (Probationer Basic Course, Upper and intermediate Course etc). Ration allowance @1,038 per month was also being paid to said trainees which should have been stopped during the period they remained under training with said training institutions where ration/mess facility had already been provided by the Government at the cost of Rs.4,500 per month to each trainee. Thus the twofold facility of ration allowance @1,038 per month with salary and free ration up to the cost of Rs.4,500 per month in the training centers was not admissible to said trainees during the period under training. An overpayment to the extent of Rs 53,091,355 was made. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	SP, B Commander, PC Battalion-V, Lahore	2016-17	25886	18,207,000
2	C.P.T.C, Sihala Rawalpindi	2016-17	23742	13,808,514
3	SP, B.Commander, PC Battalion-I, Lahore	2016-17	23731	12,352,120
4	District Police Officer, Rahim Yar Khan	2016-18	29235	3,711,888
5	District Police Officer, Vehari	2017-18	30629	1,209,260
6	Addl I. G. Punjab, Highway Patrol, Lahore	2017-18	29190	1,179,168
7	District Police Officer, Bhakkar	2016-18	25253	963,624
8	City Police Officer, Faisalabad	2016-17	24486	488,880
9	City Police Officer, Faisalabad	2016-17	24469	340,464
10	District Police Officer, Jhang	2017-18	25270	305,277
11	Supdt. District Jail, R.Y.Khan	2015-18	28583	193,000
12	District Police Officer, Kasur	2016-18	27274	166,080
13	City Police Officer, Faisalabad	2017-18	27544	166,080
Total				53,091,355

The lapse was pointed out during October, November 2017, March, May and August to November 2018. The managements noted the

observations for compliance except at sr.nos. 2,4, 5 & 9 who did not furnish replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to effect recovery from the concerned police officers/officials besides strengthening of the internal controls.

11.4.80 Doubtful deposit of General Sales tax-Rs.40.81 million

As per Sales Tax 1990 amended upto date it is clearly stated that 1/5th of the GST may be withheld by obtaining prescribed sales tax invoice and make remaining 80% payment to the suppliers/firms. The letter may also be issue to the sales tax collectorate by showing the name of supplier/firm to whom 1/5th sales tax of the total value of the GST hand been withheld and remaining deposit of GST may be perused. Moreover, as per Para 2(b)(4)(b) of SRO.77(I)/2008 dated 23.01.2008 by the Ministry of Finance, Economic Affairs Statistics and Revenue, regarding amendments in Sales Tax Special Procedure (Withholding) Rules 2007, the concerned Drawing and Disbursing Officer shall prepare the return in the form as in the Annexure to these rules for each month and forward the same to the Collector having jurisdiction by the 15th of following month. Furthermore, as per Para 20(1) of central board of revenue ,Government of Pakistan letter no.4(4),5(b),95,vol, dated 4.8.2001,requires that a certificate to be obtained from the sales tax department that the firms/contractors had actually incorporated the sales tax amount charged from the department in their monthly returns.

During audit of Home Department, it was observed that GST @ 1/5th was withheld without obtaining sales tax invoices on the prescribed

performa and paid remaining 80% amount to the suppliers. The deposit proof of deposit of GST 1/5th and 80% was not shown. GST invoices could not be verified from website. Purchases were made from unregistered firms. The amount was paid without sales tax invoices and deposit of amount could not be verified. The GST was not computed on gross amount of bill.

The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2016-17	23063	27,315,792
2	Principal, Police Training School, Rawalpindi	2014-18	26943	8,435,897
3	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2017-18	27022	1,629,576
4	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2016-17	23079	1,200,262
5	D.G. Child Protection Welfare Bureau, Punjab, Lahore	2016-17	23075	788,974
6	S.P, Battalion Commander, PC Battalion-2, Rawat. Rawalpindi	2016-18	26981	570,407
7	District Police Officer, D.G.Khan	2016-17	24300	328,473
8	Supdt. District Jail, Bahawalnagar	2015-18	28625	313,000
9	City Police Officer, Faisalabad	2017-18	27527	122,595
10	District Police Officer, Jhang	2017-18	25266	102,772
Total				40,807,748

The lapse was pointed out during August 2017 and July to September 2018. The managements noted the observations for compliance except at sr. no. 9 who did not furnish reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the needful be done at the earliest besides strengthening of the internal controls.

11.4.81 Non/less deduction of taxes-Rs.7.61 million

According to Income Tax Ordinance 2001, Punjab Sales Tax on Services Act 2012, Sales Tax Act 1990 and Stamp Duty Act 1899, the departments are required to deduct taxes at prescribed rates at the time of payment.

During audit of Home Department, it was observed that income tax, provincial sales tax, stamp duty and General Sales tax were either not deducted or were less deducted at source on goods and services from the concerned firms/contractor. Moreover, in some cases the payment of the stamp duty at the prescribed rates was not made.

Sr. No.	Name of formation	Period of Audit	PDP No.	Nature of recovery	Amount (Rs.)
1	DIG, Operations, Lahore	2017-18	30610	Income tax, General Sales Tax, Stamp duty (44917+2654759 +806527)	3,506,203
2	DIG, Operations, Lahore	2017-18	30611	Income tax, General Sales Tax, Stamp duty (25731+1495490 +463163)	1,984,384
3	DIG, Operations, Lahore	2017-18	30625	Income tax, General Sales Tax, Stamp duty (583792+29533 + 320320 +5039)	938,684
4	DIG, Operations, Lahore	2017-18	30609	Income tax, General Sales Tax, Stamp duty (5622+26337+30862+292916 +101206)	456,943
5	SSP, Police Training School, Sargodha	2014-18	28565	Income tax, Punjab Sales Tax	490,856
6	Supdt. District Jail, Chakwal	2016-18	28645	Income tax, Punjab Sales Tax & GST	121,482
7	SSP, Police Training School, Farooqabad, Sheikhpura	2017-18	29227	Income tax, Punjab Sales Tax	86,965
8	Supdt. Central Jail, Mianwali	2016-18	27258	Income tax, Punjab Sales Tax	27,986
Total					7,613,503

The lapse was pointed out during August and October 2018. The management of noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to look into the matter and effect recovery besides strengthening of the internal controls.

11.4.82 Non-entry of utility charges, receipt amount into cash book- Rs.16.48 million

All transactions of receipts and payments must be shown in cash book as required under government rules vide rule 2.6 of PFR Vol-I.

During audit of Commandant Police College Sihala for the period 2016-18, it was observed during audit of recovery register of sui gas, electricity and police guards charges received from banks, amounting to Rs. 16,476,732 were received but were not shown in Cash Book. The details are as under:

Sr. No.	Name of formation	Period of Audit	PDP No.	Amount (Rs.)
1	Commandant Police College Sihala	2016-17	23754	2,980,600
2	Commandant Police College Sihala	2016-17	23757	5,426,011
3	District Police Officer, R. Y. Khan	2016-18	29255	8,070,121
Total				16,476,732

Audit was of the view that weak supervisory & financial controls has resulted in aforesaid financial indiscipline in the accounts of College.

The lapse was pointed out May2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to look into the matter besides condonation of irregularity.

11.4.83 Non deposit of sale proceeds of scrap bread (Tukra) loss to government- Rs.3.05 million

According to Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account. Further, as per clause 1 of the Purchase orders; the delivery period was within 30 days as per delivery schedule, failing which risk purchase will be done without further notice.

During audit of District Jail Bahawalnagar for the year 2015-18, it was observed that revenue generated through sale of Bread Scrap (Tukra Bread) was not being remitted into treasury. During three years, a sum of Rs 161,992 only was remitted into treasury. Actually, a sum of Rs 3,214,086 was to be deposited. An amount of Rs 3,052,094 was less deposited which may be made good.

Audit was of the view that weak supervisory & financial controls has resulted in aforesaid financial irregularity.

When pointed out during audit in September 2018, the DDO noted observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to look into the matter besides condonation of irregularity from the competent authority.

(PDP No. 28624- District Jail, Bahawalnagar -2015-18)

Performance

11.4.84 Wasteful expenditure on publicity-Rs.44.00 million

According to Rule 17.18 of *ibid*, under no circumstances may charges incurred be allowed to stand over to be paid from the grant of another year. Rule 17.17(a) also requires that every Disbursing Officer shall maintain a register of liabilities in P.F.R. Form No. 27 in which he should enter all those items of expenditure for which:

- i. Payment is to be made by or through another officer;
- ii. Budget allotment or sanction of a higher authority is to be obtained; or
- iii. Payment would be required partly or wholly during the next financial year or years.

During audit of Child Protection and Welfare Bureau for the year 2017-18, it was observed that expenditure of Rs.44,779,266 was incurred on publicity & advertisement on electronic media. The basic purpose of the advertisement was to make the common people aware about the child protection and welfare bureau. The huge allocation of 44 million was spent on publicity via electronic media during a period of 27.7.2016 to 25.08.2016 i.e.17 days. This showed that the main focus of the department was only to utilize the budget allocation whereas better results could have been achieved by spreading the publicity campaign over the entire financial year by considering the public awareness as a continuous

process. The pending liability register was also not maintained in contravention of rules.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

The matter was pointed out to concerned formation in August 2018. The management noted the observation for detailed reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends investigation, fixing the responsibility for utilizing budget without proper planning and strengthening supervisory controls to avoid recurrence of such lapses in future.

(PDP No.27017 – Child Protection and Welfare Bureau Lahore – 2017-18)

11.4.85 Irregular retention of group insurance, benevolent fund amount since long and income tax in the PLS account- Rs.16.91 million

According to Rule 4.1 of PFR Vol-I, the departmental authorities should see that all sums due to government are correctly assessed and regularly received and checked against the demands and they are paid into government treasury accordingly.

During audit of Child Protection and Welfare Bureau, Lahore for the year 2017-18, it was observed that the deductions made from the salaries of the employees of the institutions on account of Group Insurance and Benevolent fund were kept in the DDO account since long and not deposited with the quarter concerned. Moreover, income tax for the period of 2017-18, deducted from the salaries of the employees was also kept in

the DDO account and not deposited with the Income Tax department. Resultantly a huge amount of Rs.16,914,230 (including amount of interest) was pending to be deposited with the quarter concerned. No cashbook against the DDO account was prepared. In absence of it, audit could not verify the transactions of the account, hence, the chances of misappropriation from the account concerned could not be ruled out.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

The matter was pointed out to concerned formation in July 2018. The management only noted the observation and offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends investigation, fixing the responsibility for undue retention of money besides its immediate deposit into relevant heads of accounts and strengthening controls to avoid recurrence of such lapses in future.

(PDP No.27014 – Child Protection and Welfare Bureau Lahore – 2017-18)

11.4.86 Unauthorized payment of salaries-Rs.14.41 million

According to Government instructions issued by Cabinet Wing of CM Secretariat dated 11.03.2011 the government work force, like Drivers and Police Constables are not allowed to work outside their HQs in the homes of retired officers or officers who left the department. Further, as per government instructions, vide Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held

personally responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Home Department, it was observed that an amount of Rs. 14,414,944 was incurred on pay and allowances of constable drivers etc, deployed with the officers who were not on the pay rolls of the respective offices or had left the department since long. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No	Amount (Rs)
1.	Directorate of Reclamation & Probation Pb.LHR	2014-17	24063	8,397,000
2.	City Police Officer, Multan	2016-17	25025	6,017,944
Total				14,414,944

Audit was of the view that undue expenditure was extra burden to public exchequer which was made due to weak supervisory and financial controls.

The matter was pointed out to concerned formation in September & October, 2017. The managements did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends inquiry, fixing the responsibility for the lapse besides immediate withdrawal as well as deployment of staff where actually needed and strengthening controls to avoid recurrence of such lapses in future.

11.4.87 Doubtful expenditure reversed under transfer entry- Rs.4.24 million

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible

for any loss sustained by the Government through fraud or negligence on his part.

During the audit of Commandant Police College Sihala Rawalpindi for the year 2016-17, scrutiny of the ACL data containing payments drawn by the DDO under cost center RI-4046 revealed that Rs 4,244,705 was drawn under different heads but afterwards, the entries of the payments were got reversed by the DDO from DAO by making transfer entry without any justification which rendered the accounting record of payments doubtful.

Audit was of the view that reversals in accounting documents without proper documentations were made due to weak supervisory and financial controls.

The matter was pointed out to concerned formation in October, 2017. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe, production of necessary documents besides strengthening controls to avoid recurrence of such lapses in future.

(PDP No.23744 – Commandant Police College Sihala, Rawalpindi – 2016-17)

11.4.88 Irregular expenditure on purchase of milk-Rs.2.09 million

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

During the audit of Superintendent District Jail, Attock for the year 2016-18, it was observed that Rs 2,088,113 was drawn for purchase of milk for prisoners. The purchase process revealed that as per lab report in one case, substandard milk was purchased whereas in six cases no lab reports were shown to audit. This indicates that milk was purchased/ utilized without standard lab reports which rendered the expenditure irregular to Government.

Audit was of the view that substandard milk was purchased due to weak supervisory and financial controls.

The matter was pointed out to concerned formation in September 2018. The management replied that lab reports would be produced.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe, fixing the responsibility, production of standard lab reports besides strengthening controls to avoid recurrence of such lapses in future.

(PDP No.27558 – District Jail Attock – 2016-18)

11.4.89 Unjustified payment of Gas charges during summer season- Rs.1.29 million

Rule 2.10(a)(1) of PFR-VOL-I provides that same vigilance should be exercised in respect of expenditure incurred from Government revenues, as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Regional Police Officer, Sargodha for the period 2014-18, it was observed that Rs.1,287,823 was incurred on payment of

gas charges during the summer season i.e., from March to September. The heavy expenditure on gas charges during the summer season was unjustified and it seems that sui gas authorities had charged unnecessary billing during the summer season.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

The matter was pointed out to concerned formation in October 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be taken up with the higher authorities of sui gas department to find out the actual reason behind abnormal gas billing during summer season and unjustified amount paid needs to be adjusted in the next sui-gas bills besides strengthening the internal and supervisory controls.

(PDP No.28607 – Regional Police Officer Sargodha – 2014-18)

11.4.90 Non-submission of PC-IV-Rs.981.07 million

As per Rule 3.37, after closure of the project, annual operation reports have to be submitted to the Planning & Development Division over a period of five years on PC-IV and PC-V performa.

During audit of High Security Prisons, Sahiwal, for the financial year 2017-2018 it was observed that date of completion of above said project was June 2013, however, incomplete building of the High Security Prison, Sahiwal was taken into possession during June 2015 by the Home Department without obtaining Completion Certificate from the C&W

Department, Government of the Punjab. Now a period of above three years has passed but PC-IV has not been signed due to objections raised by the Home Department vide No.Bldgs/2017/22926, dated 27.04.2017 and matter was also submitted to Executive Engineer Sahiwal Division, vide letter No. 2889, dated 27-02-2018.

The matter was pointed out to concerned formation in November, 2018. The management replied that work is ongoing.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that needful be done besides strengthening controls to avoid recurrence of lapse.

(PDP No.30573 – High Security Prison Sahiwal – 2017-18)

11.4.91 Non reconciliation of dietary items ordered and received in all jails of Punjab- Rs.829.99 million

As per rule 2.33 of PFR Vol-1, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Inspector General of Prisons Punjab, Lahore for the financial year 2016-17, it was observed that an amount of Rs. 829,986,174 was incurred on purchase of dietary items for 37 numbers of various jails of Punjab. But, it was noticed that no mechanism in head office regarding reconciliation of dietary items received or otherwise according to estimates/agreement existed.

Audit was of the view that lapse was occurred due to weak supervisory and financial control.

The matter was pointed out in February 2018 but no cogent reply was provided.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be got regularized from competent authority besides strengthening of internal controls.

(PDP No.25641- Inspector General (IG) of Prisons Punjab, Lahore-2016-17)

Others

11.4.92 Defective maintenance of expenditure statement and irregularities thereof-Rs.1,221.04

According to Rule 2.32 of PFR Vol-I, it is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case, even though such enquiry may be as to the economy or the bona fide of the transactions. It is further essential that the records of payments, measurement and transactions in general must be so clear, explicit and self-contained as to be producible as satisfactory and convincing evidence of facts, if required in a Court of Law.

During audit of Home department, while scrutiny of expenditure statements following irregularities/variations were observed:

Sr. No	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1	Central Jail, Lahore	2016-17	23967	Expenditure incurred but not reflected in Expenditure Statement. Needs Reconciliation with Accounts Office.	1,070,276,045

Sr. No	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
2	Superintendent, District Jail, Lahore	2016-17	25605	Over-statement of expenditure	120,751,135
3	Punjab Safe Cities Authority, Lahore	2015-18	27630	Variation of expenditure as per SAP R-3	28,109,521
4	Inspector General (I.G.) of Prisons Punjab, Lahore	2016-17	25643	Variation of expenditure as per SAP R-3	1,252,595
5	DPO, Vehari	2017-18	30647	charging/drawl of basic pay out of SDA account	654,969
Total:					1,221,044,265

Audit was of the view that weak internal controls resulted in improper presentation of expenditure statements record.

The irregularity was pointed out in February, March, September and October, 2018. The managements at Sr. Nos. 1 & 2 noted the observations for compliance. The management at Sr. No. 3 only signed the observation but did not offer any comments, The reply of managements at Sr. Nos. 4 & 5 was not tenable.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends matter may kindly be justified or got regularized from competent authority.

11.4.93 Doubtful payment of pay & allowances-Rs. 1,173.19 million

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. Further, Section 14(b) of

Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that audit can require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

During audit of Home Department, following irregularities/ variations were observed in pay & allowances.

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	PC Battalion 1 Lahore	2017-18	29182	The total expenditure of Pay & Allowances as per summary of Pay & Allowance is Rs.596,462,502 and total expenditure booked in reconciled expenditure statement for 06/2017 is Rs.585,556,937 leaving a difference of Rs.10,905,565 which should be justified & reconciled with AG Punjab, Lahore. The summary of Pay & Allowance revealed that during 07/2017, an amount of Rs.35,728,810 was drawn for 1141 officers / officials while during 10/2017, an amount of Rs.48,119,144 was drawn for 1531 officers/officials. Similarly, during 03/2018 an amount of Rs.52,947,295 was drawn for 1506 officers / officials while during 09/2017 to 06/2018 was drawn for 1425 to 1483 officers/officials. The post audit of Pay & Allowance was not being made by the management. The Scale Audit Register was also not shown along with sanction strength of posts from the competent authority.	596,462,502
2	PC Battalion 1 Lahore	2016-17	23732	Analysis of summary of Pay & Allowance with expenditure statement figure of Pay & Allowance (duly reconciled with AG Office, Lahore) revealed that there is a difference of Rs.17,378,944. The total expenditure of Pay & Allowances as per summary of Pay & Allowance is Rs.559,353,945 and total expenditure booked in reconciled expenditure statement for 06/2017 is Rs. 576,732,889 leaving a difference of Rs.17,378,944 which should be justified & reconciled with AG Punjab, Lahore.	576,732,889

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of Irregularity	Amount (Rs.)
				The summary of Pay & Allowance revealed that during 09/2016, an amount of Rs. 97,210,685 was drawn for 1661 officers / officials while during 08/2016, an amount of Rs. 56,917,264 was drawn for 1944 officers / officials Similarly, during 03/2017 an amount of Rs.43,798,798 was drawn for 1229 officers / officials while during 02/2017 an amount of Rs.36,139,376 was drawn for 1244 officers/officials. The huge difference in Pay & Allowance be justified. The post audit of Pay & Allowance was not being made by the management. The Scale Audit Register was also not shown along with sanction strength of posts from the competent authority.	
3	CCPO Lahore	2016-17	24197	The total expenditure of Pay & Allowances as per summary of soft data of Pay & Allowance is Rs.1,981,059,106 (excluding 11/2016 as the same was not provided) and total expenditure booked in reconciled expenditure statement for 06/2017 is Rs.Rs.2,212,761,819 leaving a difference of Rs.231,702,713 which should be justified & reconciled with AG Punjab, Lahore. The total numbers of employees range from 5126 to 6850 throughout the year 2016-17. The management should give a certificate that all these employees appearing in the Payroll are of CCPO and not belongs to any other office. The post audit of Pay & Allowance was not being made & Scale Audit Register was also not shown along with sanction strength of posts from the competent authority.	-
Total					1,173,195,391

Audit was of the view that weak supervisory and internal controls led the irregularity.

The matter was brought to the notice of departmental representative during in March & October 2018. The department noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record and strengthening of supervisory and internal controls.

11.4.94 Non accountal of stores – Rs.227.59 million

As per Rules 15.4(a) of PFR Vol-I, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government servants should see that the quantities are correct and their quality good, and record a certificate to this effect. The receiving Government servant should also be required to give a certificate that he has actually received the materials and recorded them in his appropriate stock registers.

During the audit of Home Department, it was observed that expenditure of Rs.227,594,615 was incurred on the purchase of stationery, computer stationery and Misc. store & stock articles but stock entries were not found available in the stock registers, detailed as under. Moreover, the consumption account was also not produced to audit.

Sr. No	Name of formations	Period of audit	PDP No.	Description	Amount (Rs.)
1	D. G. Child Protection and Welfare Bureau Punjab, Lahore	2016-17	23060	Store & Stock articles	191,476,684
2	Chief protection and Welfare Bureau Lahore	2017-18	27024	Misc. store items	14,299,391
3	Commandant Police College, Sihala, Rawalpindi	2016-17	23748	Fodder for horses	7,624,605
4	Anti Terrorism Court No. IV, Lahore	2009-17	25435	Misc. store items	6,099,125
5	Addl. IGP Highway Patrol, Lahore	2017-18	29201	stationery items	4,049,285

Sr. No	Name of formations	Period of audit	PDP No.	Description	Amount (Rs.)
6	Deputy Inspector General Police Traffic Lahore	2017-18	27447	Misc. store items	2,729,170
7	Addl. IGP Highway Patrol, Lahore	2017-18	29199	computer stationery	1,038,155
8	Anti-Terrorism Court-I, Lahore	2016-17	25602	Misc. store items	161,200
9	CPO Faisalabad	2017-18	27546	Printing Material	117,000
Total:					227,594,615

Audit was of the view that weak management and financial internal control resulted into non-accountal of stores.

The matter was pointed out in February, March, July, August, October and November 2018. The managements at Sr. Nos. 1 5, 6,7,8 & 9 noted the observations for compliance. The managements at Sr. Nos. 2, 3, 4 noted the observations and did not offer any comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Matter needs to be probed and responsibility for violation of financial rules also be fixed against the officers concerned, irregularity be regularized with the sanction of competent authority under intimation to Audit besides strengthening supervisory and financial controls to avoid such recurrences in future.

11.4.95 Doubtful/irregular expenditure due to non-maintenance of log books-Rs.181.07 million

As per Sr. No. 49 of appendix 14 PFR Vol-I and Staff Vehicle Rules 1969 read with FD letter No. MR(mw) 1-4/92, dated 26.09.1992,

log books on prescribed form for each vehicle is required to be maintained.

During audit of Home Department, it was observed that a heavy expenditure was incurred on purchase of POL. But log books, were either not maintained or were improperly maintained and thus expenditure so incurred was held irregular/ doubtful. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	City Police Officer, Faisalabad	2016-17	24487	151,052,817
2.	Commandant Police College Sihala, R/Pindi	2016-17	23749	24,204,903
3.	SP Commander Battalion No. V Lahore	2016-17	25878	3,629,801
4.	Directorate of Reclamation & Probation Punjab, Lahore	2014-17	24065	1,022,637
5.	ATC Court II	2016-17	24075	341,866
6.	ATC Court III	2009-17	24070	294,305
7.	District Jail, Bahawalnagar	2015-18	28634	270,708
8.	DIG, Special Branch VVIP Security Lahore	2016-17	25865	251277
Total				181,068,314

The irregularities were pointed out in March, May, October and November 2018. The managements at Sr. Nos. 1, 2 & 4 did not reply. The managements at Sr. Nos. 3, 5 & 6 noted the observations for compliance. The managements at Sr. Nos. 7 & 8 only acknowledged the observations but did not offer any comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence to rules and matter be got regularized from the Finance Department or recovery may be made from the concerned.

11.4.96 Pay package/pay & allowances more than Rs.300,000 per month-Rs.116.29 million (approx)

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. Further, as per Rule 2.33 ibid, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed that an amount of Rs.116,290,689 had been drawn by various employees as Pay & Allowance (Pay Package) which was more than Rs.300,000 per month. The Supreme Court of Pakistan had also taken up the matter of heavy pay & allowances of employees and was also under investigation in NAB. The department should look into the matter in the light of direction of Supreme Court of Pakistan. Further, the department did not disclose the current status of the Pay & Allowances of the above said officers as either they stopped the Pay & Allowances of officers or not.

The lapse was occurred due to weak supervisory, management and internal controls.

Audit pointed out the irregularity in September 2018, the DDO replied that the case is sub-judice in the Honorable Supreme Court of Pakistan.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into in the light of directions of Supreme Court of Pakistan and its outcomes be shown to Audit besides strengthening of supervisory, financial and internal controls.

(PDP No.27626-Punjab Safe City Authority, Lahore-2015-18)

11.4.97 Irregular advance drawal for purchase of houses for the families of Shaheed officials-Rs.102.50 million

Rule 2.10 (b) (5) of PFR-Vol-I provides that no money is withdrawn from the treasury unless it is required for immediate disbursement.

During audit of Home Department following irregularities regarding payment to shaheeds were observed.

- Examination of the record of CCPO Lahore for the period 2017-18 revealed that an amount of Rs.102,500,000 was drawn from treasury for procurement of houses for Shaheed police officers/officials but houses were not yet purchased despite the lapse of three months after the close of financial year 2017-18.
- During audit of District Police Officer, Narowal for the period 2016-18, it was observed that an amount of Rs. 22,500,000 sanctioned and withdrawn vide cheque no. 3106735 dated 16.02.2018 on account of Shaheed fund by the DDO and deposit into DPO Account No.3038343755 at NBP Narowal and not paid to family of the Shaheed which needs to be justification.

Lapse was occurred due to weak supervisory and internal controls on procurement.

The lapse was pointed out during July & October 2018. The management just noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit desired that process of procurement be expedited, houses be purchased and handed over to the families of Shaheed officials at the earliest.

(PDP No.28661-CCPO Lahore-2017-18 &26993-DPO Narowal-2016-18)

11.4.98 Difference in figures of payment of electricity charges-Rs. 61.65 million

According to Rule 2.32 of PFR Vol-I, it is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case, even though such enquiry may be as to the economy or the bona fide of the transactions. It is further essential that the records of payments, measurement and transactions in general must be so clear, explicit and self-contained as to be producible as satisfactory and convincing evidence of facts, if required in a Court of Law.

During audit of Home department, it was observed that an amount of Rs.61,652,561 was incurred on account of payment of electricity charges. Irregularities/differences in payment as detail below were observed:

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1.	District Jail Gujrat	2015-18	27332	Non Reconciliation of Payment of electricity bills	27,955,674
2.	Central Jail Sahiwal	2016-18	27611	Irregular expenditure incurred on account of electricity charges without showing details on electricity bills	22,567,000

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
3.	Superintendent District Jail, Lahore	2016-17	25609	Difference in figures of payment of electricity charges in cashbook, reconciled expenditure and paid vouchers	7,663,305
4.	District Jail Gujrat	2015-18	27328	Payment of electricity bill did not tally with the payment of Actual Expenditure	2,312,783
5.	DPO D.G.Khan	2016-17	24310	Excess payment of electricity charges due to non deduction of fuel price adjustment	460,300
6.	Superintendent District Jail Chawkal	2016-18	28639	Advance payment of electricity	369,203
7.	Superintendent District Jail, Lahore	2016-17	25624	Payment of arrears of electricity charges	195,167
8.	District Jail Gujrat	2015-18	27338	Payment of arrear and surcharge on utility charges	129,129
Total					61,652,561

Audit was of the view that weak internal controls resulted in irregular payment of electricity.

The irregularity was pointed out in August 2017, August, September & October 2018. Formation at Sr. No. 6 only signed the observation but did not offer any comments while rest of the formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probing the matter and recovering the amount of missing paid vouchers (if any) from persons held responsible.

11.4.99 Irregular/doubtful expenditure due to non-maintenance of proper record- Rs.40.57 million

According to Rule 2.20 of PFR Vol – I true, fair and complete accounts of an organization should be prepared. Moreover, every payment, for whatever purpose must be supported by a voucher setting forth full and clear particular of the claim as required.

During audit of home department, it was observed that expenditure of Rs.40,571,928 was incurred by the management but complete record in support of vouchers was not found available to verify the genuineness of expenditure incurred. The detail is as under:

Sr. No	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1	Commandant Police training College, Chung, Lahore	2017-18	27301	Furniture & fixtures and plant and machinery due to non-maintenance of record	33,917,584
2	City Police Officer, Faisalabad	2016-17	24471	Different heads of accounts	2,498,187
3	District Jail Gujrat	2015-18	27336	Financial assistance and LPR	1,352,771
4	Commandant Police training College, Chung, Lahore	2017-18	27303	Protective clothing	1,230,255
5	Commandant Police training College, Chung, Lahore	2017-18	27304	Cheque not entered in the cash book	895,534
6	S.S.P. Telecommunication, Lahore	2016-17	23983	Cheque not entered in the cash book	677,597
Total					40,571,928

Audit was of the view that weak management and financial internal control resulted into irregular payments.

The matter was pointed out in November 2017, March, July & August, 2018. The managements at Sr. Nos. 4 & 6 noted the observations. The management at Sr. No. 3 & 4 did not offer any reply, rest of the managements did not offer cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommended that matter may kindly be justified or got regularized from competent authority besides strengthening of internal controls.

11.4.100 Doubtful expenditure under the head "Others"- Rs.41.31 million

Rule 2.10 (a) (1) of PFR Vol-I provides that same vigilance should be exercised in respect of expenditure incurred from Government revenues, as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Capital City Police Officer, Lahore for the period 2017-18, it was observed that an amount of Rs. 41,314,723 was incurred under the head of account Others (A03970). Following deficiencies/ violations were noticed:

- The expenditure was shown incurred on diet charges of police officials during public protests. The orders of competent authority mentioning the officers/officials deputed for the said duty were not available in record. Only

number of police officials for each police station was mentioned.

- The expenditure was incurred for the head of account A03970-others instead of the head Entertainment charges.

Audit was of the view that the lapse was occurred due to weak supervisory and internal controls on record and budget.

The lapse was pointed out during October 2018. The management just noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that said record be produced and irregularity be got condoned from Finance Department besides adoption of remedial measures.

(PDP No.28673-CCPO Lahore-2017-18)

11.4.101 Irregular/doubtful payment of salaries to the officers/officials-Rs.24.80 million

As per Rule 2.31 of PFR Vol-1, drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of District Police Officer, D.G Khan for the period 2016-17, scrutiny of HR data extracted from SAP revealed that:

- An amount of Rs. 3,106,242 was paid on account of salaries through computerized payroll to the employees having invalid CNICs as the CNICs had less than 13 digits.

- Salaries amounting to Rs. 6,356,484 were paid against doubtful designations i.e. Sub Assistant and Sr. Assistant which does not exist.
- An amount of Rs. 15,340,183 was drawn on account of allowances which seems to be doubtful and unjustified.

When the matter was pointed out in August 2017, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into at appropriate level besides strengthening of supervisory and internal controls on payroll.

(PDP No.24307-DPO, DG Khan-2016-17)

11.4.102 Non verification of treasury challans-Rs.12.42 million

According to Para 2.4 of P.F.R Vol-I, all deposits made through paid challans are required to be verified from the Treasury or DAO concerned by the D.D.O of each Department in order to confirm the authenticity of paid amounts.

During audit of Home Department, it was observed that paid challans/deposits of various receipts of the department amounting to Rs.12,423,963 were not got verified from the treasury/DAO concerned by the Department, hence, objectionable as the same rendered the whole deposits doubtful in the absence of said verification from the treasury concerned. The details are as under:

Sr. No.	Name of Formation	Period of Audit	PDP No.	Amount (Rs.)
1	DPO Narowal	2016-18	26998	5,438,598
2	Elite Police Training School, Lahore	2016-17	25444	3,328,244

Sr. No.	Name of Formation	Period of Audit	PDP No.	Amount (Rs.)
3	Punjab Highway Patrol (PHP), G/Wala	2016-18	27607	3,283,678
4	Inspector General Prisons, Lahore	2014-17	23740	373,443
Total				12,423,963

Audit was of the view that weak supervisory and financial control leads to non-verification cash deposits into government treasury.

The matter was pointed out to concerned formations from February to November 2018. The formations at Sr. No.1, 2 & 4 noted the observation for compliance. The formation at Sr. No. 3 did not reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter to fix the responsibility for non-verification of government receipt into government treasury.

11.4.103 Difference in Receipts-Rs.11.76 million

According to Government Rules vide Para 4.7(i) of PFR-I, it is primarily the responsibility of the department authorities to see that all revenue or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited to Government account. Moreover, Para 2.37 of PFR, Vol-I says that the payments shall be required in all cases where a Government department renders services or made supplies to a non-Government body/institution.

During audit of the District Police Officer Bhakkar for the year 2016-18, scrutiny of monthly diaries of traffic fine branch and driving license branch and its comparison with receipt statements of June 2017 and June 2018 revealed that there is a difference in receipt of Rs.11,761,664.

Audit feels that ineffective supervisory/managerial controls have resulted in non recovery of Government dues so far.

When pointed out the matter in September 2018, the department noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that variation in receipts may be reconciled and actual position should be produced to audit for verification.

(PDP No.25256-DPO, Bhakkar-2016-18)

11.4.104 Public funds lapsed due to non clearance of cheques from treasury-Rs.150.33 million

According to Government Rules vide Para 14.3 to 14.6 of Punjab Budget Manual, all savings or unspent funds shall be surrendered/ reported to Government through second statement of Excesses and surrenders, so that balances may be transferred/distributed to other needy departments of the Government to avoid the lapse of appropriations. Moreover, as per Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Home Department it was noticed that pre audit cheques of Rs. 150,327,930 were got issued by the DDO from DAO in June in favor of various contractors. But, it was observed that said amount had not been cleared from State Bank for further payment to the Suppliers till 30th June, which is unjustified and highly objectionable on the part of DDO concerned. However, the negligence of dealing staff of accounts branch of the department has resulted in the lapse of huge amount of public funds.

S. No.	Name of Formation	Period of Audit	PDP No.	Amount (Rs.)
1	District Jail, Lahore	2017-18	30577	122,890,550
2	DPO RY Khan	2016-18	29236	16,592,553
3	CPO Multan	2016-17	25037	10,844,827
Total				150,327,930

Audit feels that the poor funds management and negligent on the part of dealing officials/officers has resulted in the lapse of a big portion of funds in the year under audit.

When pointed out during audit in October 2017 and 2018, but no reply was given by the department which indicates that the local management had nothing to say in its defense.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

The position may be clarified, matter probed into and case got regularized with the sanction of competent authority under intimation to Audit besides strengthening of supervisory and financial controls.

11.4.105 Unjustified expenditure on account of POL & repair – Rs. 8.10 million

According to Para 13.1 (a) read with Para 13.2 (i) of the Chapter 13 of Punjab Budget Manual, the Head of Departments are responsible for controlling expenditure from the grant placed their disposal. The primary object of control of expenditure is that every item of expenditure incurred is regular and proper.

During audit of Home Department, it was observed that an amount of Rs. 8,105,145 was incurred on account of purchase of POL and repair of vehicles. Irregularities as detail below were observed:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	C.P.O. Gujranwala	2017-18	26701	POL and repairs of vehicles allotted to RPO Office	4,861,684
2	RPO Sheikhpura	2014-18	29212	POL and repairs of vehicles allotted to SSP, RIB	1,568,000
3	S.S.P. Tele-communication Lahore	2016-17	23977	POL of vehicle used by the Other Department	940,569
4	Chief protection and Welfare Bureau Lahore	2017-18	27029	POL of vehicle allotted to Chairperson without entitlement.	373,423
5	DPO Sialkot	2017-18	26686	POL and repairs of vehicles allotted to RPO Office	361,469
Total					8,105,145

Audit was of the view that weak management and financial internal control resulted into unjustified expenditure on account of POL and repair.

The matter was pointed out in March, July, August & November 2018. The management at Sr. No. 1 replied that the vehicles under the user of RPO comes under the fleet of CPO due to which expenditure on those vehicles incurred from the budget. Now necessary correspondence is being made with SJ/MT Punjab Lahore for separation of budget for these vehicles. The managements at Sr. Nos. 2, 3, 5 noted the observation. The management at Sr. No. 4 did not offer any comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommended that matter should be justified besides doing the needful.

11.4.106 Unauthorized grant of Project Allowance to RPO's – Rs.7.24 million

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. Further, as per Rule 2.33 *ibid*, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed from entry in pass book that an amount of Rs.7,239,727 has been paid as Project Allowance to various RPO's of Rawalpindi, Sargodha, Faisalabad, Gujranwala, Multan and Bahawalpur. But in support of this expenditure, the authority for granting such Project Allowance to the RPO's of Rawalpindi, Sargodha, Faisalabad, Gujranwala, Multan and Bahawalpur along with provision of the same in the approved PC-I of the project PPIC3 was not provided to Audit. Moreover, the office orders of the same were also not provided to Audit. The grant of such allowance without approval of competent authority (i.e. Finance Department) and any provision of such expenditure in PC-I was unauthorized which should be recovered under intimation to Audit besides fixing of responsibility against the concerned. The management verbally told that they are paying project allowance to RPO's @Rs.80,000 per month and deducted the tax of Rs.8,000 (i.e. @10% but the filer status of RPO was not available, the rate of income tax for non-filer is @15%) while making payment but copies of vouchers not provided. The above said Officers were pointed out on a test check basis; if any officer missed

then it is the responsibility of the DDO to include his name and affect recovery under intimation to Audit.

The lapse was occurred due to weak supervisory, management and internal controls.

Audit pointed out the irregularity in September 2018. The DDO replied that the positions of Project Coordinators were duly approved in the I of PDWP and revised PC-I and on the same line the Chairman Management Committee PSCA/Inspector General of Punjab Police approved/sanctioned the project allowance of RPOs, CPOs or other officers of rank of DIG. The reply being evasive was not accepted because the DDO did not offer comments regarding granting Project Allowance of Rs.80,000 per month. The authority for granting such Project Allowance to the RPO's of Rawalpindi, Sargodha, Faisalabad, Gujranwala, Multan and Bahawalpur was not shown to Audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be investigated and the unauthorized payment of Project Allowance granted to RPO's be recovered under intimation to Audit besides strengthening of financial and internal control system.

(PDP No.27637-Punjab Safe City Authority, Lahore-2015-18)

11.4.107 Irregular/doubtful repair of vehicles/furniture-Rs.4.78 million

According to note below Rule 2.4 of West Pakistan Buildings and Roads Department Coe, no work shall be started without administrative

approval, technical sanction and allotment of funds. Further, according to Appendix-14 of PFR Vol-II all matters of vehicles running with the Govt. organizations should always be kept in order.

During audit of Home department, it was observed that expenditure of Rs. 4,785,684 was incurred on account of repair of vehicles/furniture. Irregularities as detail below were observed:

Sr. No.	Name of formation	Period of audit	PDP No.	Detail	Amount (Rs.)
1	Commandant Police Training College Chung, Lahore	2016-17	25591	History sheet of vehicles not shown	1,294,980
2	Regional Officer CTD, Lahore	2016-17	25903	Vehicle repair without history sheet, inspection reports fitness certificate not available, repair entry in log book.	840,396
3	Addl. IGP Highway Patrol, Lahore	2017-18	29200	Vehicle repair without history sheet, inspection reports fitness certificate not available, repair entry in log book.	828,443
4	Chief protection and Welfare Bureau Lahore	2017-18	27032	Vehicle repair without history sheet, inspection reports fitness certificate not available, repair entry in log book.	728,245
5	D.G. Child Protection and Welfare Bureau Punjab, Lahore	2016-17	23077	Vehicle repair without history sheet, inspection reports fitness certificate not available, repair entry in log book.	704,660

Sr. No.	Name of formation	Period of audit	PDP No.	Detail	Amount (Rs.)
6	Regional Officer CTD, Lahore	2016-17	25904	Furniture repair without history sheet and physical verification.	229,790
7	Directorate of Reclamation & Probation Punjab, Lahore	2014-17	24067	Replacement parts of Vehicles was not entered in dead stock register	159,170
Total					4,785,684

Audit was of the view that weak internal controls resulted in irregular repair.

The irregularity was pointed out in February to November 2018. The managements at Sr. Nos. 1, 4, 5 & 7 noted the observations for compliance, the managements at Sr. Nos. at 3, 6 did not offer any comments, the management at Sr. No.2 did offer cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek regularization of expenditure from the Finance Department.

11.4.108 Irregular expenditure on pay and allowances through off cycle pay rolls- Rs.5.88 million

As per Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of City Police Officer Gujranwala for the year 2017-18, it was observed that the pay and allowances valuing Rs 5,884,834 were paid through off cycle pay rolls (off cycle pay roll means amount paid to employees who are not included in regular pay rolls due to dismissal, termination, resign and retirements of official /official etc) on SAP R3 system of the AG Punjab instead of regular pay rolls. This resulted into irregular expenditure of Rs 5,884,834 due to irregular mode of payment of pay and allowances.

Audit was of the view that lapse occurred due to weak financial and supervisory controls.

The matter was brought to the notice of departmental representative during August, 2018. It was replied that necessary reconciliation would be made with the Accounts Office and rectified accordingly.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be looked into, the manual pay slips of the Gazzated employees / service books of the Non-Gazzated employees along with due drawn statements and reasons for drawl of pay and allowances through off cycle pay roll instead of regular pay roll may be produced besides regularization of irregularity with the sanction of the competent authority under intimation to audit.

(PDP No.26702-CPO, Gujranwala-2017-18)

11.4.109 Irregular handling of imprest money-Rs.4.87 million

Para 19(1) of Punjab Government Rules of Business 2011 states that no department shall, without previous consultation with the Finance Department, authorize any orders which directly or indirectly effect the finances of the province.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed that an amount of Rs.100,000 (which is evident from the reimbursement of petty bills) is being handled as Imprest money for cost centers LZ-4158 & LO-5412 each. Audit observed the following shortcomings;

- The budget is released by Finance Department every year but Audit copy of the notification of handling of Imprest money for each cost centers issued by Finance Department duly endorsed by Secretary Home Department was not produce to Audit.
- The Imprest money handling register/Imprest register/ daily expenses register was not produce to Audit.
- The Imprest money balances for each month were also not recorded in cash books as the cash books were not maintained by the management. The summary of Imprest account is to be written in cash book and it should be signed by DDO along with the details of remaining balance.
- The contract wise ledger was not maintained to watch the total purchases/services from the supplier/contractors for 2015-18 to ensure the compliance of SRO 586(I)/91 dated June 30, 1991 regarding withholding of income tax as per

Income Tax Ordinance 2001 resulting loss to Government revenue. Audit held that the same be maintained to ensure compliance of SRO 586(I)/91 dated June 30, 1991.

- The professional tax certificate was also not obtained/ shown to Audit. As per Finance Department letter No.SO(M-I)1-1/2000(P-I) dated 20.05.2011, it was clarified that professional tax becomes due at prescribed rates by first day of July each year. It is responsibility of the contractor/supplier to make payment in Government Treasury on a demand issued by E&T Department, obtain a certificate and furnish the same to the department concerned for record. However, in case a contractor / supplier fails to comply with the legal obligation, it is for the department concerned to deduct the Professional Tax at prescribed rate and deposit it in the Government Treasury immediately.
- It was observed that there was not sanctioned post of the Audit Officer in the Authority and the Act is also silent on this issue. Moreover, the certificate of the pre-audit of the claims was not given by any officers duly nominated by the competent authority for the pre-audit of the claims of the contractors / supplier for the period under Audit.
- The maintenance of vouchers is poor. The “Computer Information Sheet” which is being used in the AG office was not found in practice at Punjab Safe Cities Authority, Lahore. The practice for maintenance of vouchers as followed by AG Office should be adopted by the authority.

Weak supervisory and financial controls led the irregularity.

Audit pointed out the irregularity in September 2018, the DDO noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence of Government instructions and matter be reported to Finance Department immediately besides regularization of the same from Finance Department and strengthening of financial and internal controls.

(PDP No.27633-Punjab Safe City Authority, Lahore-2015-18)

11.4.110 Irregular expenditure on repair of vehicle-Rs.4.21 million

As per Rule 2.32(a) of PFR Vol-I, it is not sufficient that a Government servant accounts should be correct to his own satisfaction. He has to satisfy not only himself but also the Accountant-General that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an amount is correct in all respects. It is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made into the particulars of any case, even though such enquiry may be as to the economy or the bona fide of the transactions. It is further essential that the records of payments, measurement and transactions in general must be so clear, explicit and self-contained as to be producible as satisfactory and convincing evidence of facts, if required in a Court of Law. Further, as per Rule 2.10 (a) (1) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from government revenue as a person of ordinary prudence would exercise in respect of the expenditure of its own money.

During audit of DIG Investigation (CCPO), Lahore for the period 2017-18, it was observed that expenditure to the tune of Rs.4,208,508 was shown incurred on repair of vehicles. Detailed scrutiny of the claims revealed that repair work was conducted before obtaining the NOC which is quite irregular and surprising. Further, the Register of Liabilities in Form PFR-27 for the claims prior to 01.07.2017 was not found maintained. Further, neither separate budget for pending liabilities obtained nor the same was demanded from the current year budget estimates. The approval of Finance Department for meeting pending liability from the current year budget/grant was also not obtained.

Audit was of the view that the lapse occurred due to negligence on part of the management.

Audit pointed out the irregularity in October 2018, In reply to preliminary observation, it was noted for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence of Government instructions besides regularization of the matter from Finance Department and strengthening of financial and internal control system.

(PDP No.29822-DIG Investigation (CCPO), Lahore-2017-18)

11.4.111 Non-adjustment of advance given to DPO Bahawalpur for PSCA site building-Rs.2.50 million

As per Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any

loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on.

During audit of Punjab Safe Cities Authority, Lahore for the period 2015-18, it was observed that an amount of Rs. 2,500,000 was given as advance payment to DPO Bahawalpur for PSCA Site Building vide cheque number 415761 dated 06.02.2018 but the adjustment accounts of the same along with all record and sanction of advance payment from Finance Department was not produce to Audit for verification.

Weak supervisory and internal controls led the non produce of record.

Audit pointed out the irregularity in September 2018, the DDO replied that the adjustment account of subject amount is enclosed. But complete documentary evidences were not provided to verify the facts.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that adjustment account be produce to Audit along with all relevant record for Audit scrutiny besides strengthening of supervisory, financial and internal controls.

(PDP No.27649-Punjab Safe City Authority, Lahore-2015-18)

11.4.112 Purchase of linen and general items in excess of requirement-Rs.2.37 million

As per Rule 15.18 of PFR Vol-I, Balances of stores must not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.

During scrutiny of the accounts of Child Protection and Welfare Bureau, Lahore for the year 2017-18, it was observed that expenditure to

the extent of Rs.2,371,624 was incurred on purchase of general items & linen store. The purchase were made without requirement just to exhaust the budget grant resulting in in wasteful expenditure.

When pointed out in July 2018, the department only noted the observation but did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into and irregular purchase be justified besides financial, internal and supervisory controls be strengthened.

(PDP No.27021-Child Protection and Welfare Bureau, Lahore-2017-18)

11.4.113 Excess/unjustified payment to PTCL-Rs.1.87 million

According to Rule 2.31 of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of the accounts of District Police Officer, Hafizabad for the year 2017-18, it was noticed that all telephone bills (Contingent bill no. 14) were over billed and paid resulting in a loss of Rs. 357,932 out of Rs.662,819 which was almost 54% of the total bill. All remaining bills of telephone charges may be calculated at actual amount to be paid by the department itself and recovered/adjusted in future. Approximately 54% excess payment of selected sample vouchers of amounting to Rs.3,464,860 is Rs.1,871,075 loss to government.

The matter was pointed out to the formation during audit in August-2018. The DDO noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that justify the matter or recovered/adjusted in upcoming bills.

(PDP No.26932-DPO Hafizabad-2017-18)

11.4.114 Non-deduction of compulsory deductions from salary – Rs. 1.85 million

According to Rule 14.1 of PFR Vol-I, the subscriber to a fund is himself responsible for seeing that proper deduction is made from his bills, though for his convenience, it has been ruled that the responsibility for making the necessary deductions regularly and correctly devolves upon the drawer of bills.

During audit of home department, it was observed that compulsory deductions of GP Fund, group insurance, etc. were not being made from the pay & allowances of the employees. The detail is as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1.	C.P.O. Gujranwala	2017-18	26719	Non-deduction of Police Welfare fund and group insurance from the monthly salaries of employees	890,604
2.	Police Training School Multan	2015-18	28551	Non deduction of GP Fund subscription	290,478
3.	Commandant Police training College, Chung, Lahore	2017-18	27312	Non deduction of GP Fund subscription	283,080
4.	Police Training School Multan	2015-18	28552	Non deduction of Group insurance and BF subscription	216,148

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
5.	Commandant Police training College, Chung, Lahore	2017-18	27315	Non deduction of Group insurance and Police Welfare fund subscription	173,916
Total					1,854,226

Audit was of the view that weak management and financial internal control resulted into non deduction of the funds.

The matter was pointed out in July, August and October, 2018. The managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommended that matter should be justified besides doing the needful.

11.4.115 Abnormal expenditure in the month of June-Rs. 1.16 million

As per budget manual, the expenditure should be made proportionately in month.

During audit of SSP Battalion Commander, PC Battalion No. 7 Lahore for the period 2016-17, it was noticed that the formation incurred an expenditure of Rs. 1,164,900 during the month of June out of total expenditure amounting to Rs. 2,520,760. A huge amount of Rs. 1,164,900 was utilized during the month of June 2017 the percentage of expenditure during June 2017 is 30% of total expenditure.

Audit was of the view that weak financial controls resulted in abnormal expenditure in the month of June..

Audit pointed out the lapse in May 2018, the management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be looked into to fix responsibility against those at fault besides regularization of the abnormal expenditure from the Finance Department.

(PDP No.25768-SSP/Battalion Commander, PC Battalion-7, Lahore-2016-17)

11.4.116 Misuse of road safety campaign fund-Rs.716,000

Rule 2.33 of PFR Vol-I provides that every government servant shall be personally responsible for any loss sustained by the government through fraud or negligence on his part.

During audit of Addl. Inspector General, Punjab Highway Patrol, for the period 2017-18, it was observed that a grant for “sports activity and road safety campaign” was provided. Said grant was utilized by printing of pamphlets from local market. The same were shown consumed to the public for safety awareness. Expenditure was held irregular on the grounds that there was no authentication of such expenditure. There was no clear cut/standing policy for public awareness through pamphlets. Further, the department had not provided specific policy in this regard.

Audit pointed out the lapse in November-2018 department noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Matter needs to be probe and responsibility for violation of financial rules also be fixed against the officers concerned, irregularity be regularized with the sanction of competent authority under intimation to Audit besides strengthening supervisory and financial controls to avoid such recurrences in future.

(PDP No.29195-Additional IG Police (PHP), Lahore -2017-18)

11.4.117 Purchase of plants from private nursery instead of Forest Department- Rs.397,897

As per secretary forest department letter no. SOFT(Est.)XI-4/2009 dated 16-08-2012, forest officers may sanction as per delegation of financial powers 2006 amended up to date forest produce free of cost to Education department, Health Department and Army.

During audit of District Police Officer, Hafizabad for the period 2017-18, it was observed that expenditure amounting Rs. 397,897 was incurred on purchase of plants out of government grant from Allied Traders. Plants were purchased from a private nursery instead of free plants from Forest Department, Government of the Punjab which needs justification. Moreover, expenditure was split up to avoid the tender process. Hence, the authenticity of expenditure could not be termed as legitimate.

The matter was pointed out to the formation during audit in August-2018. The DDO noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter may be justified or got regularized from competent authority besides strengthening of internal controls.

(PDP No.26919-DPO Hafizabad-2017-18)

11.4.118 Excess payment to contractor-Rs.314,862

The contract for providing mattress was awarded to M/s. Zulfiqar & company for providing 300 No. mattresses vide No. CPWB/AD B&A/01/2016 Dated 16.01.2017 at the rate 18% above the market rate inclusive of all taxes.

During audit of the accounts of Child Protection and Welfare Bureau, Lahore for the year 2017-18, it was observed that the department finalized the contract of mattress at 18% above (the rates of the company) inclusive of all taxes above. Scrutiny of the paid voucher of mattress revealed that the contractor attached rate list of the firm with the bill. According to which the rates were inclusive of sales tax hence the department was required to add 18% by reducing the amount of sales tax from the price shown in the company's list. In this way an amount of Rs. 314,862 was overpaid to the contractor irregularly which needs to be recovered.

The weak financial controls resulted in excess payment to the contractor.

When pointed out in July 2018, the department only noted the observation but did not offer any comment.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed and action be taken against the person responsible for excess payment due to weak financial controls by the pre-audit section, recovery be effected and deposited in government treasury besides internal and financial controls be strengthened.

(PDP No.27016-Child Protection and Welfare Bureau, Lahore-2017-18)

11.4.119 Doubtful drawl of POL due to non-registration of vehicles- Rs.2.54 million

As per rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of City Police Officer, Rawalpindi for the period 2017-18, it was observed that an amount of Rs. 2,544,890 (Appx.) was drawn for some vehicles which were not found registered on the website of Excise, Taxation and Narcotics Control Department (i.e. <http://www.mtmis.excise-punjab.gov.pk>) with the name of department/office. Hence, the POL drawn for all these vehicles could not be treated as legitimated since the vehicles were not registered in the name of office. It seems that the vehicles were not the property of the department but POL was drawn from government exchequer. The above said vehicles was pointed out on a test check basis, if any vehicle missed then it is the responsibility of the DDO thrash out the matter under intimation to Audit.

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

Audit pointed out the irregularity in August 2018, the DDO noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be investigated and its outcomes be shown to Audit besides regularization of the matter from Finance Department and strengthening of supervisory and financial controls.

(PDP No.26068-City Police Officer, Rawalpindi-2017-18)

11.4.120 Irregular allotment of vehicles

According to Rule 11 of the Punjab Delegation of Financial Powers Rules, 2016, the sanctioned strength of vehicles/ motorcycles/scooters in an Administrative Department/ functional unit shall be approved by Finance Department to keep the number of vehicles/motorcycles/scooters in a Department in line with the valid need.

In accordance with the S&GAD Letter No. AT-II/(2-9)2006 dated 22.04.2008, the following was the criteria for the retention of vehicles in the Government departments:

Category of officer	Entitlement of vehicle	No. of vehicles
Secretary + Head of department	Car 1300 CC	One vehicle
Additional Secretary or equivalent	Car of 1000 or 1300 CC	One vehicle
Dy. Secretary & equivalent	Car of 1000	One vehicle
Pool	-	One car or touring vehicle
General duty vehicles	-	One vehicle may be allowed / to be retained for three section officers or equivalent officers for attending meeting outside office.
Staff of Minister	-	One vehicle

As per para 3 of the above said letter, the Administrative Secretary shall personally certify that no office/officer is holding in excess of afore-stated policy.

During audit of Inspector General of Prisons, Punjab Lahore for the period 2016-17, Scrutiny of vehicles record revealed:

- Approved list of vehicles by Finance Department was not available on record.
- It was observed that 8 officers were allocated vehicles of excessive power than their entitlement as per provided vide S&GAD Letter No. AT-II/(2-9)2006 dated 22.04.2008,
- As per vehicles list provided to audit there were two vehicles were being used for general duty whereas only one vehicle was allowed being used for general duty as per S&GAD letter cited above.
- The average consumption certificate of vehicles were not obtained.
- Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

When pointed out the irregularity in March 2018, the management did not offer any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may kindly be got regularized with the sanction of competent authority.

(PDP No.25635 – IG of Prisons Punjab, Lahore-2016-17)

11.4.121 Payments without approved rate list -Rs.3.93 million

The department awarded contract to M/s. Ali Traders vide No. CPWB-(HQ) supply/2016-17, dated 16.01.2017, for supply of joggers, (Bata, service or equivalent) on the approved rate including all taxes on 19% above.

During audit of Home Department, it was observed that an amount of Rs. 3,934,405 was incurred on purchase of various items but approved rate list was not provided to verify the genuineness of expenditure incurred. Therefore, expenditure incurred seems to be doubtful.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Child Protection and Welfare Bureau, Lahore	2017-18	27019	3,549,568
2	Child Protection and Welfare Bureau, Lahore	2017-18	27018	384,837
Total				3,934,405

Audit was of the view that non-observance of government instructions resulted in irregular purchase of payment.

The irregularity was pointed out in July, 2018. The managements noted the observations but did not offer any comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the expenditure be got regularized from the competent authority besides strengthening of internal controls over procurements.

11.4.122 Unjustified delay and non-finalization of contracts for purchase of medical equipment-Rs.75.92 million

As per rule 2.33 of PFR Vol-1, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Inspector General of Prison of Punjab, Lahore for the period 2016-17, it was noticed that all contracts of purchase of medical equipment were processed/finalized in this office. An amount of stated extent was available with the department for purchase of medical equipment for all jails of the province of Punjab to facilitate the prisoners. But it was surprising that no medical equipments were purchased due to non-finalization of purchase process by the local management.

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

Audit was pointed out February 2018, but no cogent reply was provided.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may kindly be got inquired at department level and fix the responsibility on person at fault besides regularization.

(PDP No.25646-IGP of Prisons Punjab, Lahore-2016-17)

11.4.123 Miscellaneous Irregularities-Rs. 51.70 million

As per rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Home Department, following irregularities/ discrepancies were also observed:

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1	Police Training School Farooqabad	2017-18	29214	Amount was paid for procurement of meal on the 2267 trainee staff but the pay roll of the trainee staff was not produced to verify whether the Conveyance allowance, house rent and ration allowance were deducted from their pay or not.	48,444,898

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
2	Central Jail Gujranwala	2017-18	29850	A sum of Rs 800 per month of electricity and gas charges were imposed in 2008 and Rs 1500 in 2009. Whereas the rates were required to be revised @ Rs 3000 per month approximately in current period. Recovery of utilities charges remained unchanged it resulted into loss of Rs.1,768,800 approximately	1,768,800
3	Police Training College Chung, Lahore	2016-17	25588	Electricity bills were hand written and without previous and present readings and showing provisional bill issued as tariff has been changed. Further, despite of regular payment of bills up to September, 2016 of the above reference bill of lump sum amount Rs. 1,050,241 had been served hand written and paid without reading on the bill.	1,054,241
4	District Jail, Faisalabad	2015-18	26977	Canteen rent was deposited into treasury without approval of provincial price assessment committee	325,289
5	District Jail Bahawalnagar	2015-18	28627	Separate meter of electricity of canteen not installed	108,000
Total					51,701,228

Audit was of the view that weak internal controls on taxation resulted into above mentioned irregularities.

The irregularity was pointed out from February to November 2018 and most of the formations noted the observations or not provided any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this report.

Audit recommends matter may kindly be justified or got regularized from competent authority besides strengthening of internal controls.

CHAPTER 12

INDUSTRIES, COMMERCE AND INVESTMENT DEPARTMENT

12.1 Introduction

Industries, Commerce and Investment Department, Government of the Punjab aims at achieving orderly, planned and rapid industrialization of Punjab by providing turnkey solutions to the problems faced by entrepreneurs. The vision of Industries, Commerce and Investment Department is to play an effective and efficient role as a facilitator for:

- Industrial growth through multifarious means.
- Provision of state of the art infrastructure including one window facilities.
- Establishment of small industrial estates for small and medium sectors.
- Collection of industrial data and pre-investment feasibility studies.
- Monitoring of supplies and prices of essential commodities.

12.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Industries, Commerce and Investment Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of five grants/appropriations is as follows:

Overview of Expenditure

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	(6)
PC21010	1,155.202	(16.111)	1,139.091	665.185	(473.906)
PC21022	7,175.409	683.614	7,859.023	7,000.129	(858.894)
PC21029	223.889	1.062	224.951	208.084	(16.867)
PC22036	15,001.978	(11,100.079)	3,901.899	2,612.045	(1,289.854)
Total	23,556.478	(10,431.514)	13,124.964	10,485.443	(2,639.521)

The final budget of Industries, Commerce and Investment Department for the year ended 30 June, 2018 was Rs. 13,124.964 million. Out of this, actual expenditure was Rs. 10,485.443million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	8,554,500,000	7,873,397,930	(681,102,070)	7.96
Development	15,001,978,000	2,612,044,959	(12,389,933,041)	82.59
Total	23,556,478,000	10,485,442,889	(13,071,035,111)	55.49

Due to supplementary grants and surrenders, this composition changed during the year. Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	9,223,065,000	7,873,397,930	(1,349,667,070)	14.63
Development	3,901,899,000	2,612,044,959	(1,289,854,041)	33.06
Total	13,124,964,000	10,485,442,889	(2,639,521,111)	20.11

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (2,639.521) million at the close of the year 2017-18 under grants PC21010, PC21022, PC21029 & PC22036 were not surrendered in time by the department.

12.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	No. of Paras in which Compliance received	No. of Paras in which Compliance not Received	Percentage of compliance
1	2001-02	80	13	67	16
2	2010-11	7	0	7	0
3	2012-13	3	0	3	0
Total		90	13	77	14

The compliance with PAC Directives in Industries, Commerce and Investment Department is not adequate as compliance on 86% of paras is still awaited. The department needs to address the situation.

12.4 AUDIT PARAS

Non production of record

12.4.1 Non production of record

As per Section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Moreover, Punjab Finance Department letter No. FD (M1) III-2/87(P-III) dated 22.02.1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

During audit of Industries, Commerce and Investment Department, some auditable record was not produced to Audit despite requests. The details are asunder:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Record
1	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26344	vouched account of releases/ payments made to various organizations
2	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26350	Log books of vehicles

Audit was of the view that due to non-production of record, the authenticity of the accounts could not be verified.

When pointed out in March 2018, the management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit requires production of record besides fixing responsibility for non production of record.

Irregularities & non-compliance

12.4.2 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.9.45 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 *ibid*, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Furthermore, as per Rule 12(1) *ibid*, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper.

During audit of Industries, Commerce and Investment Department, it was observed that expenditure to the extent of Rs.9,445,118 was incurred on purchase of motorcycles, printing, stationery, IT equipment, Uniform & Liveries etc. without observing above stated rules.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
1.	DG Industry, Price, Weight & Measures, LHR	2016-17	25531	Annual requirement of 40 numbers of motorcycles were not advertised on PPRA as well as own website; performance guarantee @10% was not withheld	4,220,000
2.	DG Industry, Price, Weight & Measures, LHR	2016-17	25532	Split up the expenditure on account of stationery to avoid open tender-PPRA website	449,230
3.	Secretary, Industries, Commerce and Investment Department, LHR	2016-17	26351	Split up the expenditure on account of printing works to avoid open tender-PPRA website	2,353,412
4.	Secretary, Industries, Commerce and Investment Department, LHR	2016-17	26352	Split up the expenditure on account of computer stationery to avoid open tender-PPRA website	1,794,173
5.	Secretary, Industries, Commerce and Investment Department, LHR	2016-17	26354	Split up the expenditure on account of IT Equipment to avoid open tender-PPRA website	362,123
6.	Secretary, Industries, Commerce and Investment Department, LHR	2016-17	26356	Split up the expenditure on account of uniforms & liveries to avoid open tender-PPRA website	266,180
Total					9,445,118

Audit was of the view that the lapse occurred due to non-observance of Punjab Procurement Rules.

Audit pointed out the irregularities in March 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be probed to fix the responsibility besides regularization of the expenditure.

12.4.3 Unauthorized mode of payments-Rs.5.03 million

According to Rule 4.49(a) of Subsidiary Treasury Rules, read with Finance Department letter No.FD(FR)V-6/75(P) dated 20.06.2007, payments exceeding Rs.100,000 shall be made through cheque instead of cash.

During audit of Industries, Commerce and Investment Department, it was observed that payments amounting to Rs.5,033,079 were made in cash to various quarters in violation of above instructions. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of payment	Amount
1	DG Industry, Price Weight & Measurement, Lahore	2016-17	25536	Leave encashment and financial assistance	2,665,458
2	District Consumer Court, Lahore	2006-17	24913	Rent of building	1,636,154
3	District Consumer Court, Lahore	2006-17	24912	Pay and allowances	731,467
Total					5,033,079

Audit was of the view that weak supervisory and financial controls resulted in irregular mode of payments through cash instead of bank account.

The matter was pointed out during February and March 2018. The managements noted the observations but did not offer comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit emphasizes on fixing of responsibility against the officers/officials for making cash payments beyond prescribed limit.

12.4.4 Irregular expenditure on account of POL and Repair of vehicles-Rs. 2.39 million

According to Rule 11 of the Punjab Delegation of Financial Powers Rules, 2016, the sanctioned strength of vehicles/motorcycles/scooters in an administrative department/functional unit shall be approved by Finance Department. Moreover, according to the Government of the Punjab Services and General Administrative Department (Trans Pool) letter No. MTO (S & GAD) AT-11/2-9/2006 dated 26.12.2008, to minimize the chances of pilferage/ misappropriation of fuel, the government directed all the Heads of Institutions to get the speedometers installed in the government vehicles from the Field (Engineering) Wing of the Agriculture Department. Furthermore, in accordance with the S&GAD Letter No. AT-II/(2-9) 2006 dated 22.04.2008, the following was the criteria for the retention of vehicles in the government departments:

Category of officer	Entitlement of vehicle	No. of vehicles
Secretary/Head of department	Car 1300 CC	01
Additional Secretary or equivalent	Car of 1000 or 1300 CC	01
Dy. Secretary & equivalent	Car of 1000	01
Pool	-	One car or touring vehicle
General duty vehicles	-	One vehicle may be allowed to be retained for three section officers or equivalent officers for attending meeting outside office.
Staff of Minister	-	One vehicle

As per para3 of the above said letter, the Administrative Secretary shall personally certify that no office/officer is holding vehicle in excess of afore-stated policy.

During audit of Director General Industries Prices, Weights and Measures, Punjab Lahore for the period 2016-17, scrutiny of logbooks revealed that department had thirteen on road vehicles and drew Rs. 2,389,145 on account of POL and repair of vehicles. The following irregularities were noticed:

- Approved list of vehicles by Finance Department was not available on record.
- As required vide S&GAD Letter No. AT-II/(2-9)2006 dated 22.04.2008, Administrative Secretary did not personally give any certificate to the effect that no official/officer was holding any official vehicle in excess of the above stated policy.
- The government directions regarding sealing of Speedo meter imposed through above letter was not observed. In

case of unsealed speedometers of the vehicles against Government instructions, the authenticity of expenditure incurred on vehicles neither could be ensured nor termed as authentic.

When pointed out the irregularity in March 2018, the management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be investigated besides responsibility be fixed against concerned and irregularity be got regularized with the sanction of competent authority.

(PDP No.25533 – D.G. Industries, Price, Weight & Measures, Lahore - 2016-17)

12.4.5 Extraordinary excess expenditure on repair of vehicles- Rs.1.62 million

As per Rule 2.10(a)(1) of PFR 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 the expenditure of his own money.

During audit of Secretary Industries, Commerce & Investment Department, Lahore for the period 2016-17, it was observed that an amount of Rs.1,623,057 was incurred on repair of vehicles which was extraordinarily at higher side. Further, the vehicles were on road on the date of repair. The log books show that vehicles were not sent to workshops for repair on the dates, which needs justification.

Audit was of the view that due to excess expenditure on repair without justification, formation had to bear heavy expenditure.

When audit pointed out the matter in March 2018, the management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to regularize the irregularity from the Finance Department.

(PDP No.26353-Secretary, Industries, Commerce & Investment Department, Lahore – 2016-17)

Internal control weaknesses

12.4.6 Lapse of funds due to non-surrendering of savings-Rs.85.44 million

Para 14.3 of Punjab Budget Manual requires that the Heads of Departments should submit to the Finance Department the First Statement of Excesses & Surrenders by 1st January and the Second Statement of Excesses and Surrenders by 31st March.

During audit of Industries, Commerce and Investment Department, it was observed that an amount of Rs.85,437,193 was lapsed due to non-surrendering of savings well in time. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26345	37,500,000
2.	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26346	14,577,507
3.	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26347	9,529,000
4.	DG Industry, Price Weight & Measurement, Lahore	2016-17	25537	1,191,298
5.	District Consumer Court, Lahore	2006-17	24914	22,639,388
Total				85,437,193

Audit was of the view that lapse occurred due to weak internal controls on “Appropriations”.

The matter was pointed out in March 2018. The management noted the observations and did not offer comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into and irregularity be got regularized with the sanction of the competent authority.

12.4.7 Excess expenditure-Rs.10.06 million

As per Rule 17.15 of the PFR Vol-I, no government servant may, without previously obtaining an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the heads concerned, and when a government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Industries, Commerce and Investment Department, it was observed that expenditure of Rs.11,064,503 was made over and above budget allocation. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26349	4,700,678
2.	DG Industry, Price Weight & Measurement, Lahore	2006-17	25538	2,688,500
3.	District Consumer Court, Lahore	2016-17	24915	2,675,325
Total				10,064,503

Audit was of the view that the lapse occurred due to weak internal controls on “Appropriations”.

The matter was pointed out in March 2018. The management noted the observations but did not offer comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that expenditure be got regularized from the competent authority.

12.4.8 Receipts on account of inspection of boiler not shown in cash book-Rs.4.76 million

As per Rule 2.6 of PFR Vol-I, all receipts, disbursements and charges of whatever sort connected with the public service must be, and no other may be, shown in the cash book. Sufficient, details should be given in the column “particulars” to admit of the main points of each transaction being readily ascertained without reference to the detailed vouchers. Moreover, as per Rule 2.33 *ibid*, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Director General Industries, Prices, Weights and Measures Punjab Lahore, for the period 2016-17, scrutiny of record of receipts revealed that receipts amounting to Rs. 4,757,600 were generated by the Department during the period under audit through fee of inspection of boilers. The same was required to be shown in the cash book alongwith all names and specifications of boilers but the effect thereof had not been shown in the cash book by the DDO in violation of the above government rules.

Audit was of the view that non observance of government instructions resulted in non accountal of government receipt.

When pointed out the irregularity in March 2018, the management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired, irregularity be got regularized and receipts be accounted for in cash book.

(PDP No.25534 – D.G. Industries, Price, Weight & Measures, Lahore - 2016-17)

Recoveries and overpayments

12.4.9 Payment of law charges without approval-Rs.7.50 million

As per Rule 2.10(a)(1) of PFR Vol-I, same vigilance should be exercise in respect of expenditure incurred from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Secretary, Government of the Punjab, Industries, Commerce & Investment Department, Lahore for the period2016-17, it was observed that services of Khawaja Haris Ahmad, Advocate, Supreme Court of Pakistan were engaged as Private Council and payment of Rs.7.50 million was made to him as law charges. Audit observed that:

1. The Chief Minister had approved an amount of Rs.2.75 million as law charges for the engagement of Khawaja Haris Ahmad, Advocate, Supreme Court of Pakistan as private counsel vide approval of summery on 03.03.2016.

2. A summary for Standing Committee of Cabinet on Finance & Development was moved by the Secretary IC&I on 23.10.2016 for release of funds by mis-stating that Chief Minister has been pleased to engage the services of Khawaja Haris Ahmad, Advocate, Supreme Court of Pakistan as a private counsel at a lump sum fee amounting to Rs.7.50 million inclusive of taxes whereas the Chief Minister had approved an amount of Rs.2.75 million for the said purpose on 03.03.2016.
3. Resultantly, an amount of Rs.4.75 million had been paid in excess than the approval of Chief Minister although the Finance Department Punjab granted approval of advance drawl of amount of Rs.7.500 million vide Endst. No.E&A(IC &ID)/9-1/2016-17 dated 07.12.2016 with the condition that adjustment accounts with supporting vouchers/documents shall be furnished to audit officer within a period of one month of the advance for adjustment in the book of audit but the same was also not submitted.

Audit was of the view that the lapse occurred due to weak financial and supervisory controls.

When audit pointed out the matter in March 2018, the management only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed to dig out the facts and vouched account be submitted to Accountant General Punjab for adjustment.

(PDP No.26348 – Secretary, Industries, Commerce & Investment Department, Lahore – 2016-17)

Others

12.4.10 Non-disposal of unserviceable vehicle/store articles-Rs.1.53 million

Rule 15.3 of PFR Vol-I provides that a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Industries, Commerce and Investment Department, it was observed that off road vehicles and store articles were lying non-utilized and non-disposed off since long. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Items	Amount (Rs.)
1	DG Industry, Price Weight & Measurement, Lahore	2016-17	25541	02 Vehicles	1,000,000
2	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26355	01 Vehicles	300,000
3	Secretary, Industries, Commerce and Investment Department, Lahore	2016-17	26357	Machinery & Equipment, spare parts of vehicles and general store articles	225,000
Total					1,525,000

Audit was of the view that weak internal controls on “Management of Assets” and “Inventories” resulted in non-utilization/ non-disposal thereof which further could result in loss of value thereof.

The matter was pointed out in March 2018. The management noted the observations and did not offer comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should either put the vehicles/store articles in use or dispose them off through auction to avoid their further deterioration/loss to government.

CHAPTER 13

INFORMATION AND CULTURE

13.1 *Introduction*

The Information and Culture Department is the focal point for projection of the Government through media. It is therefore, linked up with the activities and plans of other Government Departments and offices acting as a service Department for other Offices. The Department also acts a bridge between the Government and the Press & electronic media providing a well suited platform for free exchange of views from both sides. The Department acts as the enabling arm of the Government for the promotion of art and culture and preservation and display of archaeological treasures of Punjab.

These objectives are achieved by providing infrastructure in form of buildings for Arts Councils and Art Galleries, arranging cultural programmes, preservation and projection of archaeological/cultural heritage through establishment of museums, financial assistance to cultural and literary bodies and awards for literary/publishing endeavors. The Department also patronizes and facilitates meaningful activities by Youth Organizations in coordination with the Federal Government.

The department has been assigned the duties of:

- Publicity & Public Relations
- Administration of Press Laws relating to newspapers, books, magazines etc.
- Policy & Procedures regarding release of official & semi-official advertisement through electronic media or press.

- Arranging seminars or exhibitions, etc. relating to such events as International Youth Year, National Youth Festivals etc.
- Facilities for the journalists including accreditation of press correspondents & press photographers etc.
- Grant-in-aid to cultural & literary bodies.

13.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Information and Culture Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of four grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	1,028.01	56.636	1,084.65	913.09	(171.56)
PC21014	160.501	0.001	160.50	128.778	(31.72)
PC21023	1,581.98	553.183	2,135.16	1,846.93	(288.23)
PC22036	8,508.87	(3,322.03)	5,186.85	4,060.76	(1,126.09)
Total	11,279.37	(2,712.21)	8,567.16	6,949.56	(1,617.60)

Overview of Expenditure

The final budget of Information and Culture Department for the year ended 30 June, 2018 was Rs. 8,567.16 million. Out of this, actual expenditure was Rs. 6,949.56 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	2,770,495,000	2,888,061,796	117,566,796	4.24
Development	8,508,872,000	4,060,759,750	(4,448,112,250)	52.28
Total	11,279,367,000	6,948,821,546	(4,330,545,454)	38.39

During the year, owing to supplementary grants and surrenders, this composition changed. Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	3,380,315,000	2,888,061,796	(492,253,204)	14.56
Development	5,186,846,404	4,060,759,750	(1,126,086,654)	21.71
Total	8,567,161,404	6,948,821,546	(1,618,339,858)	18.89

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs.(1618.340) million at the close of the year 2017-18 under grant PC21010, PC21014, PC21023 & PC22036 were not surrendered in time by the Department.

13.3 Brief comments on the status of compliance with PAC Directives

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1.	1996-97	5	3	2	67
2.	1999-00	21	07	14	33
3.	2000-01	91	56	35	62
4.	2001-02	18	3	15	17
5.	2006-07	22	14	08	64
6.	2010-11	36	1	35	2
7.	2011-12	7	0	7	0
8.	2012-13	5	0	5	0
9.	2013-14	51	9	42	7
Total		256	93	163	36

The compliance of PAC directives in Information and Culture Department remained unsatisfactory for the years 1999-2000, 2001-02 and 2010-11 through 2013-14. The department needs to improve its level of compliance.

13.4 AUDIT PARAS

Non production of record

13.4.1 Non production of record

As per Section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22.02.1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

The management of the Lahore Arts Council did not produce vouchers, bills, APRs, stock entries despite repeated written and verbal requests.

Audit was of the view that due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

(PDP No.24376 – Lahore Arts Council Lahore – 2016-17)

Irregularity & non-compliance

13.4.2 Irregular lump sum provision in the estimates- Rs. 85.37 million

Para 2.85 of B&R Code laid down that lump sum provisions cannot be made in the estimates.

During audit of the accounts of Lahore Arts Council for the period 2016-17 relating to development works, it was noticed that against a number of non-standardized items, lump sum provisions were provided and paid accordingly without approval of the competent authority.

Audit was of the view that non observance of government instructions resulted in irregular lump sum provision in the estimates without approval of competent authority.

Audit pointed out the irregularity in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

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

(PDP No.24365 – Lahore Arts Council Lahore – 2016-17)

13.4.3 Irregular expenditure on development schemes without Technical Sanction – Rs.216.18 million

According to Sr. No. 1 (a) (special powers to works department) of the Delegation of Financial Powers Rules 2006, amended up to 2015, the Chief Engineer was competent authority to sanction estimates technically.

During audit of Lahore Arts Council for the period 2016-17, it was observed that development works amounting to Rs. 216.18 million were executed without preparation and approval of Technical Sanction.

The estimates were prepared by the contractor himself and were got vetted from consultant firm M/S Nayar Ali Dada & Associates, Architects Engineers and Planners Lahore. The Technical Sanction was required to be obtained from the technical person not below the rank of Chief Engineer. The details are as under:

(Rupees in millions)

Sr. No.	PDP No.	Development work	Awarded to	Amount
1	24364	Replacement of Steel Roof and other selected Civil and interior work (False Ceiling, Catwalk, Lighting HAVC System etc) of Hall No. 1 of Al-hamrah Arts Council.	M/S SINACO Engineers (Pvt.) Ltd	131.72
2	24366	Up-gradation/Improvement of facilities in Lahore Art Council (Phase-1) at Cultural Complex, Qaddafi Stadium, Ferozepur Road Lahore (Renovation of permanent Art Gallery).	M/S Professional Executor Lahore	84.46
Total				216.18

Following further points were observed:

- Measurement Books were not prepared.
- Rate analysis of non-scheduled items was not prepared and approved from the competent authority.

- MRS rates were not applied as no indication was made in the estimates.
- Security was retained from the bills @ 5% instead of 10%. In this way security amounting to Rs. 10,808,763 was less deducted from the bills.
- Expenditure of Rs.30.426 million (Rs.101.291-Rs.131.717) was incurred in excess of cost as per approved PC-1.
- Enlistment certificate was not attached in the record.

Audit was of the view that non-observance of government instruction resulted in irregular expenditure on development schemes without Technical sanction.

Audit pointed out the irregularity in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that estimate be got sanctioned from the competent authority and post facto sanction may also be obtained from the Finance department.

13.4.4 Irregular operation of Special Drawing Account-Rs. 29.45 million

As per Finance Department letter No. SO(IT) 6-1/2009 pt. IX dated 21.07.2012, all Special Drawing Accounts (SDAs) Personal Ledger Accounts (PLAs) Assignment Accounts (Aas) holders were advised to get their single signatory accounts converted into “Co-signatory” accounts

from the finance department by 31st August 2012. Further, Section 17.3.12 of Accounts Policies and Procedure Manual (APPM) provides that, signing of cheque drawn on the account, by the authorized cheque signatory and counter signed by a co-signatory from the responsible ministry or department.

During audit of Director Lahore Museum, Lahore for the period 2016-17, it was observed that SDA account was being maintained by the department and an amount of Rs. 29,447,540 under head 173 development was drawn by signing of cheques by a single signatory instead of co-signatures.

Audit was of the view that non-observance of government instructions resulted in irregular operation of Special Drawing Account.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be got regularized from the Finance Department besides fixing of responsibility against the concerned officers and strengthening of management and financial controls.

(PDP No.24407 – Director Lahore Museum, Lahore – 2016-17)

13.4.5 Irregular expenditure on Cultural Troupe at China- Rs.26.57 million

As per Government of the Punjab Information & Culture Department order No SO. (CUL(INF)5-18/2016 dated 20.07.2016,

Governor accorded sanction and release of an amount of Rs. 35.54 million with the condition that:

- 1 Permission granted for advance drawl for Air ticketing, hotel reservations, etc.
- 2 Amount will not be drawn in cash and available with the department.
- 3 Adjustment account with supporting vouchers/documents shall be furnished to audit officer within month of drawl of advance.

During audit of Lahore Arts Council, scrutiny of record regarding expenditure of Rs. 26,572,228 incurred on Cultural Troupe at China, following irregularities were noticed:

- The services of M/s Brohi Traders Islamabad, DH Travels and Aries logistics Lahore were hired directly for arrangement of the singers, dancers and allied expenditure, purchasing Air tickets etc. respectively instead of adopting proper procedure i.e. advertisement through PPRA/ newspapers.
- The withholding tax of Rs.2,299,292 was short realized and PST on services for Rs.3,105,248 was not recovered from the contractor as per Sr. No. 24 of 2nd Schedule of Taxable Services.
- No written agreements with terms and conditions were entered into with the firms.
- TA/I of Rs.369,155 was irregularly paid to Mr. Abubakar Umer, Social Media Consultant and Mr. Shahid Iqbal, Addl. Secretary Admn. (I&C) Department.
- Mr. Shahid Iqbal was also paid TA in excess of Rs.93,082.

Audit was of the view that weak supervisory and financial controls resulted in irregular expenditure of Rs 26,572,228.

Audit pointed out the irregularity in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility against person(s) at fault besides recovery of Rs. 5,497,622 on account of PST and Income tax.

(PDP No.24367 – Lahore Arts Council Lahore – 2016-17)

13.4.6 Irregular expenditure due to violation of Punjab Procurement Rules-Rs. 21.66 million

As per Rule 9 of Punjab Procurement Rules 2014, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The procuring agency shall advertise in advance annual requirements for procurement on the website of the Authority as well as on its website. Moreover, as per Rule 12 *ibid*, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations.

During audit of Information and Culture Department, it was observed that expenditure to the extent of Rs.21,664,247 was incurred on purchase of furniture, Air tickets, freight charges, frames for paintings and printing of 500 brochures, dengue spray, repair of building, services of consultancy etc. without observing above stated rules.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Caption	Amount (Rs.)
1	Punjab Institute of Language Art and Culture Lahore	2016-17	24398	Irregular Purchase of Furniture without advertising the tender through PPRA Website	11,431,747
2	Lahore Arts Council Lahore	2016-17	24379	Irregular expenditure on Air tickets, freight charges, frames for paintings and printing of 500 brochures without advertising the tender through PPRA website and print media	3,551,908
3	Lahore Arts Council Lahore	2016-17	24384	Irregular hiring of the services of Consultant without advertising the tender through PPRA website and print media	1,920,000
4	Lahore Arts Council Lahore	2016-17	24387	Irregular Expenditure without advertising the tender through PPRA website	1,777,990
5	Lahore Arts Council Lahore	2016-17	24388	Irregular expenditure on repair of buildings without any estimates and without advertisement through PPRA	1,217,895
6	Lahore Museum, Lahore	2016-17	24406	Irregular expenditure on purchase of uniform and protectiveas thereasons for rejection on technical basis and the acceptance	999,145

Sr. No.	Name of formation	Period of audit	PDP No.	Caption	Amount (Rs.)
				of the financial bid were not floated on the PPRA website.	
7	Lahore Arts Council Lahore	2016-17	24395	Irregular payments on account of services without advertising the tender through PPRA website	561,600
8	Director Lahore Museum, Lahore	2016-17	24409	Purchase of Dengue Spray through split up indent to avoid PPRA	203,962
Total					21,664,247

Audit was of the view that non-observance of PPR 2014 led to a non transparent process of procurement.

The matter was pointed out to concerned formations in May and June 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be probed to fix the responsibility besides regularization of the expenditure.

13.4.7 Irregular & wasteful expenditure out of funds provided under National Action Plan- Rs.16.06 million

As per Rule 2.10 (a) (1) of PFR Vol-I, same vigilance should be exercised in respect of expenditure from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Lahore Arts Council for the period 2016-17, it was noticed that the Information & Culture Department Punjab released funds of Rs. 26.50 million vide letter No. SO.CUL(INF)1-2/2015, dated 19.05.2017 for National Action Plan. It was noticed that no SOP were prepared/ planned and approved from the Government of the Punjab, Information and Cultural Department to incur expenditure on the events which are relevant to the National Action Plan. The management of the Arts Council incurred expenditure which was not relevant to the activities of National Action Plan.

(a)

- The management incurred an expenditure of Rs 8,061,406 on the publicity & promotion of its music studio (un-plugged) which was stated to be closed since thirty years. No patriotic songs, dramas against the terrorist activities were produced which can give awareness to the general public especially students against the terrorism.
- The aim of 1st season of Al-Hamra unplugged was to give a platform to the young singers and opportunity to polish their talent and help them to become professional artists instead of highlighting the points of significance of National Action Plan.
- The agreement between the advertising agency and the management of Arts Council was not provided to audit to see that what air time it will provide on electronic media.
- As a matter of routine, the artist who sings a song, sells it to some advertising agency on payment rather than payment to the agency. The management has made no efforts for selling the propriety rights of such Album consisting of eight songs to some TV Channel and to earn money.

- The advertisement was made on 13 Media Channels, Face Book and YouTube. In the presence of such a vast publicity, the expenditure of Rs.2,436,000 on the rental charges of hoardings for 15 days was wasteful. As such expenditure was held irregular having no conformity with the objectives of the National Action Plan.
- Withholding Tax of Rs.644,912 was deducted from the payments of the vendor instead of due amount of Rs.806,141 which resulted in short realization of Income Tax amounting to Rs.161,229. Moreover, the deducted amount of Rs.644,912 was also not found paid to the FBR.

(b)

- The management of the LAC paid an amount of Rs.8,000,000 to Mr. Shehzad Rafique producer of Film Salute out of Fund received under National Action Plan. As per the minutes of the meeting, the payment of Rs. 8,000,000 should not be paid to the producer as it would be wastage of money. The film was already sponsored by the National Bank for Rs.7,500,000 including Rs.5,000,000 for the production and Rs.2,500,000 for sponsorship. Whereas the management paid Rs. 8,000,000 for the sponsorship.
- The sponsorship was not made through any written agreement. No Income to the LAC was received from this sponsorship.
- Income Tax of Rs. 1,200,000 and PST of Rs. 1,280,000 was not recovered from the payments made to the producer.

- The payments of Rs. 8,000,000 are without approval of the committee which may be recovered from the person at fault.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility against person(s) at fault besides regularization of the expenditure.

(PDP No.24368 – Lahore Arts Council Lahore – 2016-17)

13.4.8 Irregular advance drawl out of SDA and kept in BOP- Rs.15.36 million

As per instructions for the maintenance of SDAs, no amount can be drawn out of SDA without any requirement and to be kept in commercial banks.

During audit of Lahore Arts Council for the period 2016-17, it was noticed that Government of the Punjab, Information and Culture Department vide letter No. SO.CUL(INF)1-2/2015 dated 19.05.17 released an amount of Rs. 26.50 million for expenditure to be incurred on account of National Action Plan. The amount of Rs.15,364,869 (Rs.10,916,500 of National Action Plan and Rs.5,008,369 balance amount of China/Sri Lanka Tour) was withdrawn and kept in the LAC account opened in BOP to avoid lapse of funds.

The details are as under:

Irregular advance drawl and non-production of vouched account				
Sr. No	Cheque	Particulars	Remarks	Amount (Rs.)
1.	669336, 31-05-17	LAC	National Action Plan	6,000,000
2.	669348, 22-06-17	To LAC on account of Narrative Pakistan	National Action Plan	4,356,500
3.	669339, 9-06-17	To LAC Account opened in BOP	Remaining Funds of China tour to	5,008,369
Total				15,364,869

Audit was of the view that weak financial controls resulted in irregular advance drawl out of SDA.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility on the person(s) at fault besides justification of the advance drawl of amounts and refund of unspent amount of Rs.15,364,869.

(PDP No.24369 – Lahore Arts Council Lahore – 2016-17)

13.4.9 Wasteful expenditure on salaries paid to Research Officers- Rs.13.07 million

As per Rule 2.10 (a) (1) of PFR Vol-I, same vigilance should be exercised in respect of expenditure from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During the audit of Lahore Museum for the period 2016-17, it was observed that five Research Officers were appointed for research work in the museum since long. Out of them three research officers were regular employees of the museum and two were employees of a project working under the administrative control of museum authorities. A perusal of the Progress Reports of the Research Officers revealed that neither any new artifacts had been purchased/added in the museum nor any research had been conducted by the Research Officers. There was no proof of publication of any article in the national and international publication. No training/course was conducted by any Research Officer. All the Research Officers were performing general duties like supervision of claiming work in the galleries, supervision of galleries, printing of brochures and maintenance of record of artifacts etc.

Audit was of the view that Research Officers were not performing their duties for which they were appointed since long, so the expenditure of Rs.13,073,165 (Rs.9,070,957 regular employ + Rs.4,002,208 project employ) incurred on account of salaries to them during last five years was wasteful.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed besides the expenditure be got regularized from the Finance Department.

(PDP No.24414 – Director Lahore Museum, Lahore – 2016-17)

13.4.10 Irregular payments of non standardized items without approval of the Finance Department-Rs. 11.96 million

As per Para I of notification issued by Finance Department vide No. RO (TECH) FD 2-3/2004 dated 02.08.2004, the Chief Engineer on the basis of input rates fixed by Finance Department shall fix the rate of each item of work for rough cost estimates for administrative approval and detail estimate for technical sanction and place them on website. Moreover, as per Government of the Punjab, Finance Department letter issued vide No. RO (Tech) FD-2-3/2004 dated 24.08.2004, the rate analysis for an item issued by Finance Department shall be the basis for a market rate of an item, however, these can be modified, replaced and added to with the approval of the Finance Department.

During checking of record of development expenditure of Lahore Arts Council under scheme “Up-gradation/improvement of facilities in Lahore Arts Council at Cultural Complex Gaddafi Stadium Ferozpur Road Lahore (Phase-1), Renovation of permanent art gallery” in the 2nd & final running bill, it was noticed that quantities for certain items of non standardized items were included in the estimates and paid to the contractor without approval of the Finance Department. This resulted in irregular expenditure of Rs.11.956 million.

Audit was of the view that non observance of government instructions resulted in irregular payments of non standardized items without approval of the Finance Department.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

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

(PDP No.24370 – Lahore Arts Council Lahore – 2016-17)

13.4.11 Wasteful expenditure on account of security and sanitary services-Rs.12.17 million

As per Rule 2.10 (a) (1) of PFR Vol-I, same vigilance should be exercised in respect of expenditure from government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Alhamra Arts Council, Lahore for the period 2016-17, it was observed that there were 37 Security Guards(Regular/Contract/daily wages) drawing salary amounting to Rs. 10,320,540 approximately besides the department made contract for security arrangements with a private security company and incurred an expenditure of Rs.7,449,440. Audit was of the view that sufficient security guards were already at the strength of the department. The expenditure of Rs.7,449,440 incurred on hiring of services of private security guards was irregular and wasteful.

Similarly, the department made contract for janitorial services. It was noticed that all the work of sanitation in grounds, washrooms, halls, offices etc. was to be performed by the private firm. There were 19 sanitary workers at the strength of the establishment (Regular/Contract/Daily wages) who were paid salaries amounting to Rs.4,722,900 during 2016-17. It was learnt that the staff was engaged by the private firm for janitorial work but no clause for recovery of salaries deputed with the contractor was inserted in the contract agreement. This resulted in loss of Rs.4,722,900 due to non recovery of salaries of sanitary workers by giving undue benefit to the contractor.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility against person(s) at fault besides recovery of the stated amount.

(PDP Nos.24371& 24374 – Lahore Arts Council Lahore – 2016-17)

13.4.12 Unauthorized expenditure incurred on Film Censorship Fee on the rates not approved from Competent Authority-Rs. 3.80 million

According to Rule 17.2(2) of PFR Vol-I, no payment shall be drawn from government treasury until & unless the amount is sanctioned by the competent authority. Moreover, as per Rule 2.33 ibid, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the Govt. through fraud or negligence on his part.

During audit of Punjab Film Censor Board (PFCB), Lahore for the period 2016-17, scrutiny of paid vouchers revealed that funds to the tune of Rs. 3,800,000 had been drawn by the DDO from government treasury on account of film censorship fee from object head A03919-payment to others for services rendered and amount paid to members at the enhanced rate (from 2,500 to 5,000 per censorship) without approval from the Finance Department.

Audit was of the view that weak supervisory and financial controls resulted in aforesaid financial indiscipline in the accounts of department.

When pointed out the matter in September 2017, the management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends I matter may be looked into and irregular expenditure be got regularized by obtaining ex-post facto sanction from the competent authority, failing which amount be recovered from the defaulters and deposited into government account.

(PDP No.25429 – Punjab Film Censor Board, Lahore – 2016-17)

13.4.13 Irregular re-appointments after superannuation- Rs.3.50 million

As per Government of the Punjab, S&GAD Department letter No. SOR-I-10-1/2003 dated 16.06.2003, re-employment shall not be allowed to retired officers beyond the age of 63 years. For posts in BS-1 to 17, the concerned department shall move summary for the Chief Minister for his approval as per recommendations of the Re-employment Committee. For posts in BS-18 and above, the Services Wing of S&GAD shall move summary for the Chief Minister, as per recommendations of the Re-employment Board. These instructions shall also apply in cases of re-employment in autonomous/semi-autonomous organizations under the control of Provincial Government.

During audit of Lahore Arts Council for the period 2016-17, it was noticed that officers/officials were re-employed by the Chairman Lahore Arts Council after retirement on superannuation without approval of Chief Minister Punjab. This resulted in irregular expenditure of Rs 3,500,340 on

account of Pay & Allowances for the period 2016-17, in violation of the provisions of the re-employment policy and needs to be regularized for the whole period of re-employment with the sanction of Chief Minister.

Irregular expenditure on re-employment without approval of CM Punjab							
Sr. No	Name	Post	BPS	Re-appointed on	Period of Audit	Gross Pay as on 30.06 17	Amount
1.	Mr. Aftab Ahmad Ansari	Deputy Director (Admn)	18	17.03.2013 to date	2016-17 (12months)	152,195	1,826,340
2.	Mr. Zubair Ajmal Khan	Deputy Director (Fine Arts)	18	2/10/2016 to 31-03-2017	2016-17 6 months	145,358	872,148
3.	Habib-ur Rehman	Assist. Stage Manager	14	15/01/15 to date	2016-17 (12months)	66,821	801,852
Total							3,500,340

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility against person(s) at fault besides regularization of the expenditure with the sanction of competent authority.

(PDP No.24380 – Lahore Arts Council Lahore – 2016-17)

13.4.14 Appointments over and above the sanctioned strength-Rs.3.29 million

As per Rule 2.10 (a) of PFR Vol-1, every authority, incurring or sanctioning expenditure from Government Revenue should exercise same vigilance in respect of expenditure from Government Revenue as a person of ordinary prudence would exercise in respect of expenditure from his

own money. Moreover, as per Punjab Weekly Gazette 29.12.2010, nine posts of drivers and 16 posts of malis were created by the Government.

During audit of Lahore Arts Council for the period 2016-17, it was observed that some officials were appointed in excess of the sanctioned strength. The details are as under:

Wasteful expenditure on appointment of staff on daily wages without requirement							
Post	Sanctioned	pay drawn for posts (regular/Contract)	Daily Wages	Total	Excess	Pay for D.wages	Amount
Driver	9	3	8	11	2	19,380	465,120
Security Guards	-	-	4	4	4	19,400	931,200
Mali	16	13	9	22	6	17,400	1,252,800
Sanitary Workers	-	-	3	3	3	17,719	637,884
Total							3,287,004

Audit was of the view that lapse was occurred due to weak administrative and financial controls.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility against person(s) at fault besides regularization of the expenditure or recovery of the stated amount.

(PDP No.24381 – Lahore Arts Council Lahore – 2016-17)

13.4.15 Non-establishment of Punjab Institute of Language, Art and Culture Fund and non-recoupmnt of expenditure- Rs.2.57 million

According to para 11 of the Punjab Institute of Language, Art and Culture Act 2004, there shall be established a fund to be known as the Punjab Institute of Language, Art and Culture Fund which shall vest in the

Institute and shall be utilized by the institute to meet charges related to the achievement of its objectives including the payment of salaries and other remuneration to the Director General and employees of the institute. The fund shall consist of: (a) Grants made by the Federal Government, (b) Grants made by the Provincial Government, (c) Contributions and donations made by individuals, local bodies, corporations, institutions, organizations and agencies, (d) Income derived from the activities of the institute; and (e) Any other source approved by the Board.

During audit of Punjab Institute of Language, Art & Culture for the period 2016-17, it was noticed that no such fund based on the lines of the provisions of the Act had so far been constituted despite the lapse of considerable time. A review of transactions made from Bank of Punjab Account No. 4719-6 showed that an amount of Rs. 2,566,539 was drawn from the said account to meet the expenses of pay and allowances, electricity, telephone bills and POL charges etc. but amounts were not recouped from SDA account and deposited into relevant bank account.

Audit was of the view that since the Punjab Institute of Language, Art and Culture Fund had not been established after getting approval from the competent authority, hence utilization of the amount without making object wise budget was not in line with the provisions of law. The amounts drawn were kind of loans which required recoupment. The details are as under:

Month	Non-recouped amount (Rs.)
July, 2016	178,790
August, 2016	126,400
September, 2016	157,830
October, 2016	126,000
November, 2016	130,090
December, 2016	185,190

Month	Non-recouped amount (Rs.)
January, 2017	196,223
February, 2017	154,000
March, 2017	67,650
April, 2017	304,779
May, 2017	203,889
June, 2017	735,698

The matter was pointed out in March 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that needful may be done under intimation to audit.

(PDP No.24399 – Punjab Institute of Language Art and Culture Lahore – 2016-17)

13.4.16 Irregular expenditure on repair of building – Rs.1.98 million

As per Finance Department letter No. FD(FR) II-2/89 (Police Department) dated 27.03.2008, it is clarified that the present limit of work order in Communication & Works Department of Rs.50,000 in each case would also be applicable in the maintenance and repair works in Police. Tenders pertaining to M&R works exceeding the value of Rs.50,000 could be called through wide publicity in the prescribed manner. Further, as per Rule 15.2(b)(iii) of PFR Vol-I, purchase order should not be split up so as to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

During audit of Director Lahore Museum, Lahore for the period 2016-17, scrutiny of vouchers of repair of buildings revealed that an expenditure of Rs. 1,979,772 was incurred under object head repair of building but vouched account and Actual Payee Receipts were not shown

to audit. The expenditure was split up to avoid the sanction from the competent authority. The sanctions were granted on the same day or alternate days. The following irregularities were also noticed.

- i. Technical sanction was also not available in the record.
- ii. Work was not measured in measurement book as required under article 123 of Account Code Vol-III.
- iii. No security was withheld while making payment to the firms.
- iv. Professional Tax not deducted from the contractor.
- v. The detail of work done was not given on the final bills/claims of the contractors.
- vi. Approved rates from the building department were not obtained.

Audit was of the view that non-observance of government instructions resulted in irregular expenditure on repair of building.

Audit pointed out the lapse in June 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be justified and got regularized from the Finance Department besides responsibility be fixed against the concerned officer.

(PDP No.24500 – Director Lahore Museum – 2016-17)

13.4.17 Excess contribution towards Contributory Provident Fund- Rs.1.99 million

As per Punjab Contributory Provident Fund Rules 1978, the government will pay Contributory Provident Fund @ 8.33% of the basic pay/ emoluments.

During audit of Lahore Arts Council, it was noticed that department instead of contributing to the Provident Fund @ 8.33% of the basic pay of the employees, contributed to the said fund @ 30% of the basic pay of the employees. Thus, an excess payment was contributed towards the fund. The details are as under:

Sr. No.	Description	Amount (Rs.)
1	Total amount deposited in Contributory Provident Fund	5,511,704
2	Department share @ 30% of basic pay paid	2,755,852
3	8.33% Department share to be paid	765,208
4	Excess amount paid by the Department on account of CP Fund	1,990,644

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility on person(s) at fault besides recovery of the stated amount.

(PDP No.24386 – Lahore Arts Council Lahore – 2016-17)

13.4.18 Loss due to allowing excess profit & overhead charges – Rs 1.22 million

As per para (g) of notification No.RO(Tech)FD 2-3/2004 dated 02.08.2004 issued by the Finance Department 10% overhead charges may

be added in addition to 10% contractor's profit already allowed in rate analysis standardized by the Finance Department for purposes of estimation. However, works shall be let out on actually tendered rates.

During audit of Lahore Arts Council for the period 2016-17, it was observed that development work "Up-gradation/Improvement of facilities in Lahore Art Council (Phase-1) at Cultural Complex, Qaddafi Stadium, Ferozpur Road Lahore (Renovation of permanent Art Gallery)" was awarded to M/S Professional Executor Lahore for Rs. 84.458 million without preparation and approval of TS estimates. The estimate amounting to Rs.84.458 million were prepared by the contractor itself and were got vetted from consultant firm M/S Nayyar Ali Dada & Associates, Architects Engineers and Planners Lahore. Contractor profit + Overhead charges were allowed @ 25% instead of admissible rate of 20%. The expenditure of Rs. 24.354 million was incurred upto June 2017. As such 5% overhead was paid in excess which resulted in loss of Rs. 1,217,700 due to excess payment of overhead charges.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that estimate may be got sanctioned from the competent authority and post facto sanction may also be obtained from the competent authority.

(PDP No.24389 – Lahore Arts Council Lahore – 2016-17)

13.4.19 Irregular expenditure due to non-approval of non-standardized items-Rs.2.53 million and non-recovery of PST-Rs 405,013

As per Government of the Punjab, Finance Department letter No. RO (Tech) FD-2-3/2004 dated 24.08.2004, the rate analysis for an items issued by Finance Department shall be the basis for a market rate of an item, however, these can be modified, replaced and added to with the approval of the Finance Department.

During audit of Lahore Arts Council for the period 2016-17, scrutiny of development bills relating to the work “Replacement of steel roofing and other related (Civil & Interior Works) of Al-Hamra, Lahore” was awarded for Rs. 2,531,330 without approval of the non- standardized items from Finance Department. Further, 16% PST was not recovered from the contractor which resulted in loss of Rs.405,013.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should fix responsibility for the irregularity, seek condonation of irregularity and effect recovery of the PST.

(PDP No.24393 – Lahore Arts Council Lahore – 2016-17)

13.4.20 Non collection of rent of building – Rs. 216,300

According to Rule 4.1 of PFR Vol-I, the departmental controlling officers should see that all sums due to Government are regularly received and checked against demands, and that they are paid into the treasury.

During audit of Punjab Institute of Language, Art & Culture for the period 2016-17, it was observed that an agreement of rent of building was made on 24.05.2012 between Punjab Institute of Language, Art & Culture (Lessor) and Punjab Jiangsu Culture Centre (PJCC) (Lessee). Following irregularities were observed:

- No written agreement for rent of office building as well as collection of utility charges was drawn after expiry of contract on 28.02.2014.
- Rent @ Rs. 72,100 P.M was not collected during July 2016 to September 2016 and caused loss of Rs. 216,300 approximately to the Institution.

Audit was of the view that weak internal controls on “recoveries” resulted in non collection of rent of building.

The matter was pointed out in March 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls, effect recovery of the stated amount and deposit the same into institutional fund.

(PDP No.24404 – Punjab Institute of Language Art and Culture Lahore – 2016-17)

13.4.21 Irregular payment of POL-Rs. 166,103

As per Rule 7 (1) of Staff Car Rule 1980, the details (specific places from which and to which journey is performed) and purpose (whether official or otherwise) of each journey shall be stated in the Movement Register maintained for the purpose.

During audit of Director Lahore Museum, Lahore for the period 2016-17, it was found that staff car was used by the competent authority but the log book was not maintained as per above rule. Only “official duty” was written. Detail of journey, Purpose of journey, signature of the using officer and time of the journey was not written in the log book. It seems that the vehicle was misused. The details are as under:

Month	POL Drawn (liter)	Rate per liter	Amount (Rs.)
8/2016	230	64.62	14,863
9/2016	237	64.63	15,317
10/2016	238	64.63	15,382
11/2016	299	64.63	19,324
12/2016	255	66.62	16,988
01/2017	222	66.62	14,790
02/2017	238	70.65	16,815
03/2017	224	73.37	16,435
04/2017	277	74.37	20,600
06/2017	213	73.19	15,589
Total			166,103

Audit was of the view that non-observance of above government instructions resulted in irregular payment of POL.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be got regularized from the Finance Department besides responsibility be fixed against the concerned officer and management and financial controls be strengthened.

(PDP No.24411 – Director Lahore Museum, Lahore – 2016-17)

Internal Control Weakness

13.4.22 Expenditure without pre-audit-Rs.249.416 million

Local Fund Audit, Punjab is an attached Department of the Finance Department, Government of the Punjab since 1970. Local Fund Audit is responsible for pre-auditing of payments of the following Local Governments and other institutions, in the Punjab.

- Metropolitan Corporation Lahore.
- All the Municipal Corporations.
- All the Municipal Committees.
- All the District Councils.
- Development Authorities / Water and Sanitation Agencies (WASAs in the Punjab)
- Boards of Intermediate & Secondary Education.
- Public Sector Universities.
- Other autonomous bodies.

During audit of Alhamra Arts Council, Lahore for the period 2016-17, it was noticed that an expenditure of Rs.249,416,144 was incurred on non/development expenditure without any pre-audit of the claim. It was noticed that an Audit Officer was serving in the department on deputation from Local Fund Audit. But his services were not being utilized and all the cheques/amounts were paid without any pre-audit. This action of the management was contrary to the financial rules. The expenditure so incurred was held irregular.

Audit pointed out the irregularity in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that system of pre-audit may be established and all the payments be allowed after pre-audit of claims. The irregularity may be got condoned with the sanction of the Finance department.

(PDP No.24363 – Lahore Arts Council Lahore – 2016-17)

13.4.23 Film Censorship Fee not accounted for in cash book –Rs. 25.63 million

As per Rule 2.1 (a) of PFR Vol-I, every Government Servant is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the relevant accounts as well as for the correctness of the accounts in every respect. Moreover, as per Rule 2.6 *ibid*, all transactions of receipts and payments must be shown in cash book as required under government rules.

During audit of Punjab Film Censor Board (PFCB), Lahore for the period 2016-17, it was noticed that payments of Rs. 25,632,300 had been charged by the DDO to various parties in respect of film censorship fee. The respective entries were, however, not made in cash book by the dealing Cashier/DDO.

Audit was of the view that weak supervisory & financial controls resulted in aforesaid financial indiscipline.

When pointed out during audit in September 2017, it was replied that a separate register had been maintained in which all receipts on account of film censorship fee, received from various parties, was recorded which may be treated as Cash Book. The reply of the management was not tenable as the same was not in line with the provision of rule.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility regarding non-maintenance of record in violation of rules be fixed and complete record be produced.

(PDP No.25428 – Punjab Film Censor Board, Lahore – 2016-17)

13.4.24 Non-transparent expenditure on POL- Rs. 603,270

According to the Government of the Punjab Services and General Administrative Department (Trans Pool) letter No. MTO (S & GAD) AT-11/2-9/2006 dated 26.12.2008, to minimize the chances of pilferage/ misappropriation of fuel, the government directed all the Heads of Institutions to get the speedometers installed in the government vehicles from the Field (Engineering) Wing of the Agriculture Department.

During audit of Punjab Institute of Language, Art & Culture for the period 2016-17, it was noticed that 05 vehicles remained under the use of officers/ officials. Heavy expenditure on purchase of POL valuing Rs. 603,270 was incurred. The expenditure was held non-transparent as the speedometers were not got fixed.

Audit was of the view that non observance of government instructions resulted in non transparent expenditure on POL.

The matter was pointed out in March 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the government instructions may be adhered and the condonation of irregularity be sought from the competent authority.

(PDP No.24402 – Punjab Institute of Language Art and Culture Lahore – 2016-17)

13.4.25 Doubtful expenditure on miscellaneous articles-Rs.128,679

As per Rule 15.1 of PFR Vol-I, when materials are issued from stock for departmental use, manufacture or sale, etc., the Government servant in charge of the stores should see that an indent in P.F.R. Form 26. Moreover, as per Rule 15.10 *ibid*, an inventory of the dead stock should be maintained in all government offices.

During audit of Director Lahore Museum, Lahore for the period 2016-17, it was observed that the department expended an amount of Rs.128,679 for the purchase of various articles. The department made only stock entries in the main stock register. Neither the consumption account was produced to audit nor was dead stock register available in the record. This made the expenditure doubtful.

Audit was of the view that non observance of above government instructions resulted in doubtful expenditure of miscellaneous articles.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed against the concerned officers besides strengthening of management and financial controls.

(PDP No.24410 – Director Lahore Museum, Lahore – 2016-17)

Recoveries and overpayments

13.4.26 Non-deduction of PST and withholding tax on account of services rendered –Rs.9.35 million

Second schedule of Punjab Sales Tax Act 2012 provides that sales tax @ 16% should be deducted on services provided for specific purposes. Moreover, as per section 153(1) (a) of Income Tax Ordinance 2001, income tax was to be deducted at source on supplies @ 4.5% & 6.5% and services @ 10% & 15% from filer and non-filer respectively. Furthermore, as per section 236 (A) ibid, any person making sale by public auction/tender of any property or goods shall deduct tax including award of any lease to any person @ 10% of the leased amount.

During audit of Information and Culture Department, it was observed that different formations made payments on account of different services rendered by various contractors but Punjab Sales Tax and withholding tax on services was not deducted at source. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Non deduction	Amount (Rs.)
1.	Lahore Arts Council Lahore	2016-17	24373	PST	5,640,179
2.	Lahore Arts Council Lahore	2016-17	24383	PST	1,113,764
				Withholding tax on services	804,990
	Lahore Arts Council Lahore	2016-17	24391	Withholding tax@10% on auction	745,800
3.	Lahore Arts Council Lahore	2016-17	24392	Withholding tax and PST	564,327
4.	Punjab Institute of Language Art and Culture Lahore	2016-17	24400	PST	476,993
Total					9,346,053

Audit was of the view that weak internal controls on “Taxation” resulted in non-deduction of taxes.

Audit pointed out the lapse in May 2018. The managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix the responsibility regarding non recovery of PST besides recovery of the same and its deposit into government treasury.

13.4.27 Non /less recovery of rent-Rs.7.79 million

As per Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Information & Culture Department, it was observed that an amount of Rs.7,785,247 was outstanding due to non/ less recovery of rent of halls, cafeteria, shops and car/ cycle stands situated at different entities of the Department. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Caption	Amount (Rs.)
1	Lahore Arts Council Lahore	2016-17	24375	Non recovery of rental charges of halls	4,506,600
2	Lahore Arts Council Lahore	2016-17	24385	Short realization of outstanding dues/lease money of Cafeteria	1,872,616

Sr. No.	Name of formation	Period of audit	PDP No.	Caption	Amount (Rs.)
3	Director Lahore Museum, Lahore	2016-17	24413	Non recovery of car stand/cycle stand Rent	1,240,000
4	Lahore Arts Council Lahore	2016-17	24397	Short recovery on account of rent of Shops	166,031
Total					7,785,247

Audit was of the view that non/less recovery of outstanding rent from the contractors caused loss to public exchequer.

Audit pointed out the lapse in May and June 2018. The managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that outstanding amount may be recovered and deposited into government account besides strengthening financial and supervisory controls to avoid recurrence of such lapses in future.

13.4.28 Irregular payment of Gratuity in the presence of Contributory Provident Fund- Rs.6.00 million

As per Government of Pakistan, Finance Division (Regulation Wing) Office Memorandum letter No. F.10 (1) R-7/2009-412 dated 21.01.2015, Finance Division decided that the policy regarding non-payment of gratuity in addition to Contributory Provident Fund issued vide No O.M F. 15 (3) R-14/84 dated 16.10.1984 will remain intact. All Ministries/Divisions were directed to implement the said policy in true spirit and direct all such Autonomous/ semi-autonomous bodies and

corporations etc., where the pension scheme does not exist, that payment of gratuity in addition to Contributory Provident Fund should not be allowed to their employees on their quitting service.

Scrutiny of the record of Lahore Arts Council for the period 2016-17, revealed that gratuity was paid alongwith the Contributory Provident Fund to the staff quitting the service in violation of above rules. Gratuity was paid @ of two basic pays (last drawn) per completed year of service as per regulations/ rules framed in 2010. These rules were in contradiction of the Government of Pakistan policy on the subject being in the nature of alternative benefits already paid in the shape of Contributory Provident Fund. The details are as under:

Irregular Payment of gratuity along with Contributory Provident Fund				
S. No.	Cheque No	Date	Name of person	Amount
1	1309051550	23.08.2016	NajeebAkram	130,784
2	1309704514	11.11.2016	M. Qurban	282,526
3	1310457784	06.03.2017	ZohaibMasih	82,239
4	8050285201	03.04.2017	RasheedMasih	82,239
5	8050285198	03.04.2017	ZuhaibMasih	100,000
6	8050305734	25.04.2017	ZubairAjmal Khan	6,001,959
Total				6,679,747

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility on person(s) at fault besides recovery of the stated amount.

(PDP No.24372 – Lahore Arts Council Lahore – 2016-17)

13.4.29 Execution of works at rates higher than MRS rates- Rs.4.20 million

According to para 7.28 (1) of Departmental Financial Rule, if the contract agreement does not specify the rates to be paid for several classes of work or supply; but merely states that the estimated rates, or a certain percentage below or above them, will be allowed, it should be seen that the standard rates adopted are those of the sanctioned estimate which was in force at the time, the agreement was executed, or, if the agreement was preceded by a tender, on the date the tender was assigned by the contractor, subsequent sanctions to original or revised estimates have no effect on the terms of such an agreement.

During audit of Lahore Arts Council for the period 2016-17, it was observed that the management charged the rates for certain items of works at higher rates than MRS rates of the Finance Department.

Audit was of the view that non observance of government rules resulted in excess payment of Rs. 4,200,654 to the contractor.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility on person(s) at fault besides recovery of the stated amount.

(PDP No.24377 – Lahore Arts Council Lahore – 2016-17)

13.4.30 Excess payments of Gratuity-Rs. 2.47 million

As per Rule 2.31 (a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

Scrutiny of the record of establishment of Lahore Arts Council for the period 2016-17, revealed that gratuity was paid @ of two basic pays (Last drawn) per completed year of service to a Director Fine Arts BPS-18 as per regulations/ rules framed in 2010. Prior to this, gratuity @ of one basic pay was allowed. The rules framed in 2010 could not be applied with retrospective effects. Thus, irregular payment of gratuity resulted in loss of Rs.2,471,395 as detailed below:

Recovery for excess payment of Gratuity	
per day pay = last pay x 12/365 = 2942.137	
Gratuity for 28 years up to 2010 = 2,471,395	
Gratuity for 6 years from 2010 to 2016 = 1,059,169	
Total due	= 3,530,564
Gratuity Paid	= 6,001,959
Excess Paid	= 2,471,395

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing responsibility on person(s) at fault besides recovery of the stated amount.

(PDP No.24382 – Lahore Arts Council Lahore – 2016-17)

Others

13.4.31 Non-auction/deduction of scrap material from the payments to contractor-Rs. 3.72 million

As per para 4.40 of Public Works Department Code, the auction of stores should be made on book value nearer to market rates after getting sanction of survey report from the competent authority.

During audit of Lahore Arts Council for the period 2016-17, it was observed that the management of the Al-Hamra Arts Council awarded the development work “Replacement of steel roof and other selected civil and interior work of Hall No.1 of Al-hamrah Arts Council” to M/S Sinaco Engineers (Pvt.) Ltd. For Rs. 101.291 million and development work “Up-gradation/improvement of facilities in Lahore Art Council (Phase-1) at Cultural Complex, Qaddafi Stadium, Ferozpur road Lahore” to M/S Professional Executors Lahore for Rs.84.458 million. As per terms and conditions of the contract and as per detailed estimates, the old dismantle material will be the property of the department. But, it was noticed that the dismantled material was neither taken in stock for auction nor the cost was deducted from the payments to the contractor.

Audit was of the view that non-observance of contractual terms and conditions resulted in a loss of Rs. 3,720,197 to the department.

The matter was pointed out in May 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter, effect recovery of the stated amount and deposit the same into government treasury.

(PDP No.24378 – Lahore Arts Council Lahore – 2016-17)

CHAPTER 14

LABOUR AND HUMAN RESOURCE DEPARTMENT

14.1 Introduction

Labour and Human Resource Department is concerned with the promotion of healthy labour management relations for greater socio-economic progress. With this objective, the department not only protects the rights of the workers but lays equal stress on their commitment to work. The department provides medical aid, cash and other benefits in case of sickness, injury, death etc. to secure workers. It also undertakes other welfare measures for the industrial workers and their families including housing and education.

The department is headed by a Secretary. He is the administrative head of the department and is assisted by Additional Secretaries, Deputy Secretaries, Section Officers etc. in the discharge of his official duties.

Functions of the department

The department is responsible for:

- Welfare of labour.
- Implementation of labour laws.
- Labour legislation (Provincial).
- Manpower and employment including foreign employment.
- Technical, apprenticeship and vocational training.
- Administration of labour courts.
- Implementation of weights and measures enactment.

- Health facilities to the industrial workers.
- Minimum wages Board.
- Vocational guidance and employment counseling.
- Service matters except those entrusted to S&GAD.
- Purchase of stores and capital goods for the department.
- Education and grant of scholarships to the children of industrial workers.

14.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Labour and Human Resource indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	45.507	1.071	46.578	42.805	(3.773)
PC21023	581.048	3.789	584.837	570.478	(14.359)
PC22036	640.000	(277.669)	362.331	338.703	(23.627)
Total	1,266.555	(272.809)	993.746	951.986	(41.760)

Overview of Expenditure

The final budget of Labour and Human Resource for the year ended 30 June, 2018 was Rs.993.746 million. Out of this, actual expenditure was Rs.951.986 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	626,555,000	613,282,751	(13,272,249)	2.12
Development	640,000,000	338,703,246	(301,296,754)	47.08
Total	1,266,555,000	951,985,997	(314,569,003)	24.84

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	631,415,000	613,282,751	(18,132,249)	2.87
Development	362,331,000	338,703,246	(23,627,754)	6.52
Total	993,746,000	951,985,997	(41,760,003)	4.20

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (41.760) million at the close of the year 2017-18 under grants PC21010, PC21023& PC22036 were not surrendered in time by the Department.

14.3 Brief comments on the status of compliance with PAC Directives

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1985-86	05	03	02	60
2	1986-87	03	02	01	67
3	1989-90	01	0	01	0
4	1991-92	02	0	02	0
5	1993-94	05	01	04	20
6	1995-96	01	0	01	0
7	2001-02	37	13	24	35
8	2011-12	4	0	4	0
Total		58	19	39	33

The compliance with PAC Directives in Labour & Human Resources Department needs improvement as compared with the years 1985-86 and 1986-87.

14.4 AUDIT PARAS

Non production of record

14.4.1 Non production of record

As provided in Section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22.02.1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

During audit of Labour and Human Resource Department, following auditable record was not produced to Audit despite requests:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Record
1.	Secretary Labour & Human Resource Department Lahore	2016-17	25777	Payroll, Schedule of payments, service books and personal files
2.	Secretary Labour & Human Resource Department Lahore	2016-17	25778	Log books
3.	Punjab Labour Court-I, Lahore	2016-17	24175	Payroll
4.	Punjab Labour Court-II, Lahore	2016-17	24174	Payroll

Audit was of the view that due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was pointed out in March 2018. The managements at Sr. Nos. 2 to 4 noted the observations for compliance. The management at Sr. No. 1 replied that AG Punjab had not provided the payroll due to non availability of papers.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

Irregularity & non-compliance

14.4.2 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.4.70 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 *ibid*, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Furthermore, as per Rule 12(1) *ibid*, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper.

During audit of Labour and Human Resource Department, it was observed that expenditure to the extent of Rs.4,695,021 was incurred on purchase of stationery, Printing & Publication, store articles and repairs of machinery & equipment, transport etc. without observing above stated rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularity	Amount (Rs.)
1	Punjab Labour Appellate Tribunal, Lahore	2013-17	23608	Purchase of other stores and stationery without tenders on PPRA website.	1,360,406
2	Secretary Labour & Human Resource Deptt. Lahore	2016-17	25784	Repair of transport and purchase of stationery without advertisement on PPRA website.	971,431
3	Secretary Minimum Wages Board, Lahore	2014-17	23605	Purchase of stationery, Printing & Publications without advertisement of annual requirements on PPRA website.	669,289
4	Secretary Labour & Human Resource Department Lahore	2016-17	25780	Purchase of stationery without advertisement on PPRA website.	518,437
5	Director General Labour Welfare Punjab, Lahore	2016-17	23949	Purchase of stationery, Printing & Publications without advertising annual requirements on PPRA and departmental website.	490,703
6	Secretary Labour & Human Resource Department Lahore	2016-17	25781	Purchase of stationery without advertisement on PPRA website.	349,945
7	Secretary Labour & Human Resource Deptt. Lahore	2016-17	25779	Repair of machinery and equipment without advertisement on PPRA website.	227,750
8	Secretary Labour & Human Resource Deptt. Lahore	2016-17	25782	Purchase of stationery without advertisement on PPRA website.	107,060
		Total			4,695,021

Audit was of the view that non observance of PPR 2014 led to a non transparent process of procurement.

The lapses were pointed out to concerned formations during March and May, 2018. The managements at Sr. Nos. 1, 4 to 6 & 8 noted the

observations for compliance. The managements at Sr. Nos. 2 & 7 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be probed to fix the responsibility besides regularization of the expenditure.

14.4.3 Irregular expenditure on POL and repair of vehicles-Rs. 1.50 million

According to Rule 11 of the Punjab Delegation of Financial Powers Rules 2016, the sanctioned strength of vehicles in the department should be sanctioned by the Finance Department. The purchase/replacement is required for keeping up the sanctioned strength.

During audit of Secretary Labour and Human Resource Department, Lahore for the period 2016-17, it was observed that a fleet of 7 vehicles consisting of Toyota Corolla, Honda City and Suzuki Cultus remained under the use of officers/officials without obtaining the sanctioned strength of the vehicles from the Finance Department. The details are as under:

No. of vehicles used	Cost of Pol used (Rs.)	Cost of repair of vehicles (Rs.)	Total (Rs.)
07	899,970	600,000	1,499,970

Audit was of the view that weak supervisory controls resulted in irregular expenditure on POL and repair of vehicles.

The matter was pointed out in May 2018. The management stated that reply would be submitted after consultation with the department.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregular expenditure be got regularized besides taking disciplinary action against the responsible.

(PDP No.25783 – Secretary Labour & Human Resource Department Lahore – 2016-17)

14.4.4 Irregular appointment of contingent paid staff – Rs. 1.07 million

As per Government of the Punjab Finance Department letter No. RO (Tech) FD 2-2/2001 dated 03.11.2012, appointment to a post included in this Schedule may be made by the competent authority under Delegation of Financial Power Rules 2006 subject to the condition that the post(s) shall be advertised properly in the leading newspapers. Further, as per Supreme Court of Pakistan's ruling dated 19.01.1993, passed in Human Rights case No.104 (I to IV) 1992 read with S&GAD's Notifications No. SOR-III-2-2/91 dated 05.01.1995 and No.DS(O&M)5-2004/Contract)(MF) dated 29.12.2004, no recruitment should be made against any post which is not advertised properly.

During audit of Punjab Appellate Tribunal, Lahore for the financial year 2013-17, it was observed that an amount of Rs. 1,621,320 was paid to daily wages employees during the financial year. The expenditure was considered irregular on the ground that the daily wages employees were appointed without advertisement in the leading newspapers.

Audit was of the view that the lapse was due to failure of supervisory and financial controls.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends the department should seek condonation of irregularity from the competent authority besides fixing responsibility.

(PDP No.23609 – Punjab Labour Appellate Tribunal, Lahore – 2013-17)

14.4.5 Unjustified payment of utility bills-Rs. 691,381

As per Rule 2.10 (a) (i) of PFR Vol-I, the expenditure from the government exchequer should be made as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

During audit of Director General Labour Welfare Punjab, Lahore for the period 2016-17, it was observed that an amount of Rs. 691,381 was paid on account of electricity and gas charges of the offices of the Labour Courts I & II from the budget of DG Labour Welfare Punjab, Lahore.

Audit was of the view that expenditure was illegitimate and unauthorized as it was not the liability of the audited formation to make payment of electricity/gas charges of other formations.

Audit pointed out the matter in March 2017. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should stop this practice immediately, probe the matter to fix the responsibility besides regularization of the expenditure be sought from the finance Department.

(PDP No.23950 – Director General Labour Welfare Punjab, Lahore – 2016-17)

14.4.6 Irregular expenditure on repair/maintenance of residence – Rs.611,677

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 ibid, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Furthermore, as per Rule 12(1) ibid, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper.

During audit of Punjab Appellate Tribunal Court, Lahore for the period 2013-17, it was observed that expenditure to the extent of Rs. 611,677 was incurred on repair/maintenance of residence of judge during period 2013-17.

The details are as under:

Financial Year	Name of Contractor	Nature of Work	Bill No. & date	Amount of bill (Rs.)
2016-17	Nadeem Associates & Company	Preparing surface and painting with emulsion paint	Nil/ 05.04.2017	78,493
			Nil/ 27.03.2017	98,037
2015-16	Tahir Hussain & Company	Preparing surface and painting with emulsion paint	Nil/ 12.05.2016	80,000
			Nil/ 25.05.2016	50,870
2014-15	Rana Enterprises	Painting of doors, windows and old surface	Nil/ 19.03.2015	85,121
			Nil/ 12.03.2015	49,926
2013-14	Rana Enterprises	Painting doors & windows	Nil/ 13.03.2014	94,230
			Nil/ 09.04.2014	75,000
Total				611,677

Following irregularities were noticed:

- The expenditure was incurred through quotations and tender instead it was neither floated on PPRA website nor in newspaper. Instead annual repair estimates were issued by the Sub Divisional Officer, Rawalpindi for repair of judge residence to carried out work from the approved contractors of Punjab Building Department after calling the competitive tenders through approved Government Contractors.
- Work was done by M/s Tahir & Hussain Traders and M/s Rana Enterprises without having NTN/GST.
- Pre-qualification of contractor from Building Department was not found on record.
- Technical Sanction was not obtained and bills were found dateless.
- NOC from Public Works Department was obtained and the repair rough cost estimate was signed by the SDO instead of Xen building.
- The work was not measured in any measurement book or stock register.
- Completion Certificate and Technical Inspection Report were not found on record.
- Amount was drawn from Government Treasury in the name of DDO instead of vendor.
- Actual Payee Receipt was not found on record.

Audit was of the view that weak financial controls and non-observance of PPR 2014 led to irregular expenditure on repair/maintenance of residence.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be got condoned from the competent authority besides fixing responsibility regarding violation of rules to avoid such lapses in future.

(PDP No.23610 – Punjab Labour Appellate Tribunal, Lahore – 2013-17)

Performance

14.4.7 Non-finalization of Pending Inspections/Prosecutions

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part. Moreover, the main objective of the Directorate General of Welfare is the maintenance of industrial peace and ensuring the welfare of industrial/commercial work fore. This is achieved through implementation of labour law and extra legal efforts. The Industrial Relations Institute imparts training to the officers of the department, trade union leaders/workers and various cadres of the management. The Center for the Improvement of Working Conditions & Environment functions for improvement of safety, health and working environment at the work places through training, awareness and advisory services.

During audit of Director General Labour Welfare Punjab, Lahore for the period 2016-17, scrutiny of inspection record of factories and shops revealed that 1465 and 3901 number of prosecutions were pending against factories and shops which is 25% and 42% respectively.

Audit was of the view that serious follow up should be taken in respect of these pending prosecution cases. This pendency shows weak performance of the department.

When pointed out the matter, the management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that serious follow up should be taken in respect of these pending prosecution cases.

(PDP No.23954 – Director General Labour Welfare Punjab, Lahore – 2016-17)

Internal control weaknesses

14.4.8 Lapse of funds due to non-surrendering of savings-Rs.21.59 million

According to Para No. 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Labour and Human Resource Department, it was observed that an amount of Rs. 21,585,181 was lapsed due to non-surrendering of savings well in time.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Punjab Labour Appellate Tribunal, Lahore	2013-17	23947	11,838,408
2	Directorate of Worker Education, Regional Centre, Lahore	2013-17	23601	9,746,773
Total				21,585,181

Audit was of the view that the lapse was due to lack of supervisory and financial internal controls.

When pointed out the matter, the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be looked into and irregularity be got regularized with the sanction of the competent authority.

14.4.9 Excess expenditure-Rs.3.28 million

As per Rule 17.15 of the PFR Vol-I, no Government servant may, without previously obtain an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the heads concerned, and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Labour and Human Resource Department, it was observed that expenditure of Rs. 3,275,183 was made over and above budget allocation. This resulted into irregular expenditure to the Government.

The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Directorate of Worker Education, Regional Centre, Lahore	2013-17	23600	1,069,986
2.	Punjab Labour Court-I, Lahore	2016-17	24176	1,135,211
3.	Punjab Labour Appellate Tribunal, Lahore	2013-17	23607	1,069,986
Total				3,275,183

Audit was of the view that the lapse was due to lack of supervisory and financial internal controls.

The matter was pointed out in March 2017. The managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be justified and expenditure be got regularized from competent authority under intimation to audit.

14.4.10 Unauthorized mode of payments -Rs.3.55 million

According to Rule 4.49(a) of Subsidiary Treasury Rules read with Finance Department's letter No.FD(FR)V-6/75(P) dated 20.06.2007, payment exceeding Rs.100,000 shall be made through cheque instead of cash.

During audit of Labour and Human Resource Department, it was observed that formations had made payment to employees on account of Superannuation, encashment of LPR and financial assistance through cash instead of banking channel amounting to Rs. 3,545,797 in violation of

above mentioned instructions of Finance Department. The details are as under:

Sr. No	Name of formation	Period of audit	PDP No	Payment	Amount (Rs.)
1	Director General Labour Welfare Punjab, Lahore	2016-17	23948	Superannuation, encashment of LPR	2,945,797
2	Secretary Minimum Wages Board, Lahore	2014-17	23606	Financial Assistance	600,000
Total					3,545,797

Audit was of the view that weak supervisory and financial controls resulted in irregular mode of payment through cash instead of bank account.

The matter was pointed out in February and March, 2018. The managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends fixing of responsibility after conducting an inquiry and getting the irregularity condoned from Finance Department.

Recoveries and overpayments

14.4.11 Un-authorized payment of pay & allowances – Rs.3.70 million

As per Rule 2.31 (a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. Moreover, as per various letters of the Government of the Punjab, certain allowances discontinued from some specific dates or were allowed with some specific conditions.

During audit of Labour and Human Resource Department, it was observed that an amount of Rs.3,701,328 was paid as allowances which were not admissible to the employees such as Deputation and Project Allowance. Moreover, in some cases the pay & allowances were drawn in excess. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of pay & allowances	Amount (Rs.)
1.	Directorate of Worker Education, Regional Centre, Lahore	2013-17	23603	Deputation allowances	1,594,132
2.	Director General Labour Welfare Punjab, Lahore	2016-17	23953	Irregular occupying posts of labour inspectors without doing any inspection work and drawing pay and allowances	867,600
3.	Director General Labour Welfare Punjab, Lahore	2016-17	23952	Project allowances	678,571
4.	Director General Labour Welfare Punjab, Lahore	2016-17	23951	Irregular payment of pay and allowance	307,968
5.	Directorate of Worker Education, Regional Centre, Lahore	2013-17	23602	Unauthorized/irregular grant of advance increments/double drawal of arrear of pay and allowances	253,057
Total					3,701,328

Audit was of the view that disregard to the government instructions and weak internal controls on "Payroll" resulted in unauthorized payment of pay and allowances.

The matter was pointed out in March 2018. The managements in respect of Sr. No. 1, 2, 3 & 5 noted the observations. The management in

respect of Sr. No. 4 replied that the official is performing duties in the office of the Minister for Labour & Human Resource for last two year on temporary basis. The reply was not tenable as verbal transfer in other office on temporary basis for more than three month is irregular.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired into, responsibility be fixed and amount be recovered and deposited into government treasury.

Others

14.4.12 Non auction of condemn vehicles-Rs.1.00 million

As per Rule 15.3 of PFR Vol-I, a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Directorate of Workers Education, Regional Center, Lahore for the period 2013-17, it was noticed that following condemned vehicles were lying in the office but these were not disposed off through auction. Resultantly, the vehicles are deteriorating with the passage of time and losing their value.

Sr. No.	Vehicle No.	Type of Vehicle	Model	K.M	Value of vehicle (Rs.) Approximately
1	UN-68-1754	Toyota HiaceVan	1986	4520245	600,000
2	UN-68-329	Suzuki Bolan	1992	241364	400,000
Total					1,000,000

Audit was of the view that weak supervisory and financial controls resulted in non auction of condemn vehicles.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that condemned vehicles be auctioned after declaring as unserviceable and sale proceeds of auction be deposited into government account.

(PDP No.23599 – Directorate of Worker Education, Regional Centre, Lahore – 2013-17)

CHAPTER 15

LAHORE HIGH COURT

15.1 Introduction

Judiciary is a pillar of the government and enjoys immense importance and esteemed respect. The Honorable Chief Justice of the Province exercises his duties in accordance with the provisions of the Constitution of the Islamic Republic of Pakistan within the Province of Punjab. He is assisted by Honorable judges of the High Court in discharge of his duties which mainly comprise of providing speedy justice, interpretation of rules and orders passed by the legislature and implemented by the executive.

The Administration of Justice has a very elaborate administrative setup and Lahore High Court is one of its wings. It is headed by the Honorable Chief Justice. Other assisting officers are District and Sessions/Civil Judges at Districts level. Judges of Small Cause Courts and Judges of Special Courts are also subordinate to Lahore High Court.

15.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Administration of Justice indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of one grant/appropriation was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	(6)
PC21011	18,359.435	783.058	19,142.493	18,198.674	(943.819)
Total	18,359.435	783.058	19,142.493	18,198.674	(943.819)

Overview of Expenditure

The final budget of Administration of Justice for the year ended 30 June, 2018 was Rs. 19,142.493 million. Out of this, actual expenditure was Rs. 18,198.674 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	18,359,435,000	18,198,673,657	(160,761,343)	0.88
Total	18,359,435,000	18,198,673,657	(160,761,343)	0.88

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	19,142,493,000	18,198,673,657	(943,819,343)	4.93
Total	19,142,493,000	18,198,673,657	(943,819,343)	4.93

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (943.819) million at the close of the year 2017-18 under grants PC21011 were not surrendered in time by the Department.

15.3 Brief comments on the status of compliance with PAC Directives

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1.	1985-1986	3	0	3	0
2.	1987-1988	2	0	2	0
3.	1988-1989	3	1	2	33
4.	1989-1990	6	2	4	33
5.	1990-1991	3	0	3	0
6.	1991-1992	2	0	2	0
7.	1992-1993	1	1	0	100
8.	1993-1994	2	2	0	100
9.	1994-1995	1	0	1	0
10.	1995-1996	3	0	3	0
11.	1996-1997	1	1	0	100
Total		27	7	20	26

The overall compliance of PAC Directives in Lahore High Court needs to be addressed.

15.4 AUDIT PARAS

Fraud / misappropriation

15.4.1 *Embezzlement in government receipts and revenue deposits – Rs 70.30 million*

As per Rule 2.33 of PFR Vol-I provides that every Govt. servant should realized fully and clearly that he will be held personally responsible for any loss sustained by Govt through fraud or negligence on his part. The procedure should be followed in prosecution in respect of the embezzlement of Govt money and that to be observed for conducting departmental enquiry is given in part-I appendix 2 to these rules.

During audit of Senior Civil Judge, Lahore for the period 2015-17, it was noticed that amounts were deposited into treasury on accounts of deposit of rent, *Zare Panjam*, *Zare Soam*, electricity, sui gas, telephone bills, decree amount, (*Zare Dawa*) auction money of disputed property, maintenance of children and wives, maintenance of *idat* etc. into government treasury. The amount deposited by the parties were to be refunded after dispute/court case is resolved. But it came to the notice that an FIR vide No. 326047 dated 31.08.2010 was registered against Ex-Civil Naazir who made the embezzlement. The following amounts were embezzled by the dismissed Civil Naazir. The details are as under:

Purpose of amount	Amount (Rs.)
Amount realized on account of auction of shops, canteens, etc.	3,938,500
Amount drawn from treasury on bogus Refund vouchers	66,360,014
Total	70,298,514

The department did not conduct departmental inquiry. Responsibility was not fixed. Actual loss was not determined. The case was not pursued under Arrears of Land Revenue.

When pointed out in March 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be investigated, departmental inquiry may be initiated to arrive at factual position, amount in question may be recovered and be deposited into government treasury besides adoption of remedial measures.

(PDP No. 23759 – Senior Civil Judge, Lahore – 2015-17)

15.4.2 Less deposit of government receipts-Rs.8.09 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Registrar Lahore High Court Lahore for the period 2016-17, scrutiny of cashbook revealed that an amount of Rs. 31,756,115 was received on account of different receipts but according to verified statement of treasury, an amount of Rs.23,667,684 was deposited into government treasury. In this way, government receipt amounting to Rs.8,088,431 was less deposited into government treasury which implies that the said amount had been misappropriated.

Sr. No.	Month	Total Receipts Rs. (Cashbook)	Amount Deposited Rs. (Treasury)	Variation Rs.
1	Jul-16	347,126	1,289,385	(-)942,259
2	Aug-16	293,425	31,597	261,828
3	Sep-16	452,250	365,968	86,282
4	Oct-16	1,940,199	1,939,764	435
5	Nov-16	572,859	599,050	(-)26,191

Sr. No.	Month	Total Receipts Rs. (Cashbook)	Amount Deposited Rs. (Treasury)	Variation Rs.
6	Dec-16	551,991	506,311	45,680
7	Jan-17	534,255	617,586	(-)83,331
8	Feb-17	19,045,060	13,916,710	5,128,350
9	Mar-17	1,424,996	567,723	857,273
10	Apr-17	612,760	1,385,648	(-)772,888
11	May-17	1,013,775	957,657	56,118
12	Jun-17	4,967,419	1,490,285	3,477,134
Total		31,756,115	23,667,684	8,088,431

Audit was of the view that weak internal controls on “Recoveries” resulted in less deposit of government receipts.

The matter was pointed out in March 2018. The management replied that the Rs.9,683,997 was yet to be verified by the T.O Lahore. The reply was not acceptable as it was not supported by documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends immediate deposit of government money into government treasury besides probe of the matter to fix responsibility for non/late deposit alongwith strengthening internal controls.

(PDP No. 25298 – Lahore High Court, Lahore – 2016-17)

Non-production of record

15.4.3 Non production of record

According to Section 14 (2) and (3) of Auditor General of Pakistan Ordinance 2001, the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply

with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During audit of Registrar, Lahore High Court, Lahore for the period 2016-17, record was not produced to Audit despite repeated requests. The details are as under:

Sr. No.	PDP No.	Nature of record
1.	25312	Vouchers and allied record
2.	25313	Bank statement and cash book of bank account number 4236-9

Audit was of the view that weak administrative and supervisory controls led to non production of record resulting in creating hindrance in the auditorial functions of the Auditor General of Pakistan.

When reported the matter in March 2018, the management in respect of para at Sr. No. 1 replied that due to late approval from the competent authority some files could not be shown to audit. However, these are made available and can be seen. The reply was not acceptable because record was not produced till close of audit despite repeated written and verbal requests. The management in respect of para at Sr. No. 2 replied that an account mentioned in the observation is opened in the name of Registrar in pursuance of the orders of Hon'ble Courts.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to take strict disciplinary action against persons responsible besides production of complete auditable record for scrutiny.

(PDP No. 25312 – Lahore High Court, Lahore – 2016-17)

Irregularities & non-compliance

15.4.4 Irregular purchase of vehicles without obtaining NOC-Rs.383.11 million

In accordance with Finance Department Austerity Measures circulated vide letter No. FD. SO (GOODS) 44-4/2016 dated 19.09.2016, the purchase of durable goods was to be made after obtaining NOC from Austerity Committee.

During audit of Senior Civil Judge, Lahore for the period 2015-17, it was observed that purchase of 10 vehicles Toyota Hilux was made from Indus Motors without approval of the Austerity Committee.

Audit was of the view that non-observance of government instructions resulted in irregular purchase of vehicles without obtaining NOC from Austerity Committee.

When pointed out in March 2018, the management noted the 753urchased753753 for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity may be got condoned from competent authority besides adoption of remedial measures.

(PDP No. 23769 – Senior Civil Judge, Lahore – 2015-17)

15.4.5 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.83.28 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 (ibid), a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Further, as per Rule 12(1) (ibid), a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper. Furthermore, According to Rule 59 (d) (iii) of Punjab Procurement Rules 2014, a procuring agency may engage in negotiated tendering with one or more contractors with or without prior publication of a procurement notification.

During audit of Lahore High Court, it was observed that expenditure to the extent of Rs.83,280,740 was incurred on procurement of goods and services relating to different heads of accounts without observing above stated rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
1	Lahore High Court, Lahore	2016-17	25290	Annual planning for all proposed procurements was not advertised on PPRA and procurement was made through petty purchase	32,835,804
2	Additional Registrar Lahore High Court Lahore Rawalpindi Bench	2015-17	23035	Purchase was made through rate or running contract	12,451,089
3	Lahore High Court, Lahore	2016-17	25297	Purchases through split up indent to avoid PPRA and procurement above Rs.100,000 were made under Rule 59 (d) (iii), but no extreme urgency brought about by unforeseeable events was on record.	8,524,268

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
4	Lahore High Court, Lahore	2016-17	25299	Procurement was advertised on one Urdu newspaper only, evaluation criteria was not provided in bidding documents, bid evaluation was not announced, negotiation was held with singly bidder, committee to address the grievances of bidders was not constituted.	7,929,971
5	Additional Registrar, Lahore High Court, Bahawalpur Bench, Bahawalpur	2010-16	23034	Purchases through split up indent to avoid PPRA and irregular expenditure beyond competency	6,578,415
6	Lahore High Court, Lahore	2016-17	25294	Bid evaluation criteria was not provided in bidding documents, bid evaluation was not announced, negotiations were held with bidders, committee to address the grievances of bidders was not constituted, Technical evaluation sheet was not prepared, contract was not awarded to lowest bidder.	3,834,892
7	Senior Civil Judge, Gujrat	2007-17	23758	Approval of austerity committee, 2% earnest money, inspection report, technical evaluation, performance warranty and market analysis was not provided.	3,455,530
8	Additional Registrar Lahore High Court Lahore Rawalpindi Bench	2015-17	23038	Procurement made without floating tender by declaring emergency by the Incharge who was not competent to declare such emergency.	2,747,652
9	Lahore High Court, Lahore	2016-17	25304	Bid evaluation criteria was not provided in bidding documents, bid evaluation was not announced, negotiations were held with bidders, committee to address the grievances of bidders was not constituted, Technical evaluation sheet was not prepared, contract was not awarded to lowest bidder.	1,804,000
10	Lahore High Court, Lahore	2016-17	25305	Procurement were made under Rule 59 (d) (iii), but no extreme urgency brought about by unforeseeable events was on record.	1,162,400

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
11	District & Session Judge Sheikhpura.	2012-16	23039	Purchase of stationery through splitting up indent to avoid PPRA	943,291
12	Lahore High Court, Lahore	2016-17	25309	Procurement were made under Rule 59 (d) (iii), but no extreme urgency brought about by unforeseeable events was on record.	518,500
13	Registrar Lahore High Court, Lahore	2015-16	23048	Shifting of control system work was made under Rule 59 (d) (iii), but no extreme urgency brought about by unforeseeable events was on record.	494,928
Total					83,280,740

Audit was of the view that non observance of PPR 2014 led to a non transparent process of procurement.

The lapses were pointed out to concerned formations from February to September 2017. The management at Sr. No. 1 replied that to cope with the demands/requisitions petty purchases had to be made. The managements at Sr. Nos. 2, 5, 11 and 13 noted the observations. The management at Sr. No. 3 replied that all the purchases were made after getting dispensation of Honorable Chief Justice due to paucity of time on the eve of 150th celebrations of Lahore High Court Lahore. The reply was not tenable as the 150th anniversary celebrations were not extreme emergency brought about by unforeseeable event. The management at Sr. No. 4 replied that procurement was advertised on PPRA website, which of course was a wide circulation. The management at Sr. No. 6 replied that due to late finalization of cases and for the remaining period, economical way was adopted and entered into rate contract. However, other formalities and other record was available in tender documents. The reply was not acceptable as it was not supported with documentary evidence. The management at Sr. No. 7 did not offer any reply. The management at Sr. No. 8 replied that stated amount was spent by declaring emergency. The permission to declare emergency was given by incharge Judge. As per Finance Department letter dated 08.10.1995, honorable Chief Justice was competent to declare emergency whereas incharge Judge was not

competent to declare emergency. The management at Sr. No. 9 replied that terms and conditions are available with tender documents. The rates of lowest firm were also higher than market, therefore, the committee negotiated to save exchequer and ultimately 2nd lowest bidder agreed on Rs. 114 instead of Rs. 149. The management at Sr. No. 10 replied that due to shortage of time and to avoid lapse of funds, the procurement process was made under rule 59 (d) (ii). The replies were confession of pointed out irregularities. The management at Sr. No. 12 replied that the procurement was made under rule 59 I directly from authorized distributors of Samsung Mobile. Rule 59 I (ii) allows to involve in directing contract where only one manufacturer or supplier exist for the required procurement and in this case the procurement was made directly from authorized distributors of company at lowest price. In quotation of company it is mentioned that as per SRO 460 (I)/2013 Sales Tax could not be charged and under section 153 of income tax ordinance the firm was exempted from deduction of income tax. The reply was not acceptable as the conditions mentioned in Rule 59 I were not fulfilled. Moreover the Exemption Certificate/GD was neither obtained nor was shown to audit for scrutiny.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be probed to fix the responsibility besides regularization of the expenditure.

Internal control weaknesses

15.4.6 Excess expenditure-Rs. 11.99 million and non surrendering of savings-Rs.102.33 million

Para 14.3 of Punjab Budget Manual required that all the anticipated saving should be surrender in the 1st statement of excess & surrender by 1st January and 2nd statement by 31st March, so that it could

be utilized where it actually needed. Moreover, Government of Punjab Finance Department letter No. FD(M-II)1-21820 dated 09.05.2012 stated notwithstanding the provisions of para 16.8 of Punjab Budget Manual (7th Edition), the Public Accounts Committee has directed then henceforth there will be zero tolerance so far as the savings reported in the appropriate in accounts are concerned and all department shall ensure that no savings are depicted in their respective appropriation accounts and no percentage cushion shall be available with regard to saving therein.

Scrutiny of the accounts of Senior Civil Judge Lahore for the period 2015-17 revealed that an amount of Rs.11,995,472 was incurred over and above the budget allocation under various heads of accounts without obtaining additional funds/ re-appropriation of funds. Moreover, surplus funds Rs. 102,325,025 were not surrendered within the stipulated time due to which the same were lapsed at the end of the financial year.

Audit was of the view that the lapse was occurred due to weak supervisory and financial controls.

When pointed out in March 2018, the management noted the observation for compliance.

Audit recommends that the irregularity be got regularized from the competent authority besides strengthening of supervisory and internal controls.

(PDP No.23766 – Senior Civil Judge, Lahore – 2015-17)

15.4.7 Inadmissible payment of allowances-Rs.111.60 million

As per Rule 2.31 (a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of Lahore High Court, it was observed that Travelling, Judicial, Administrative, Deputation, Qualification and non

practicing Allowances were paid to the officials/officers which were not admissible to them because of various conditions/ limitations under the rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
1	Lahore High Court, Lahore	2016-17	25287	Unauthorized, irregular and irrational payment of TA/I	84,689,608
2	Senior Civil Judge, Lahore	2015-17	23767	Overpayment of conveyance allowance to the Process Servers enjoying official transport	10,334,640
3	Lahore High Court, Lahore	2016-17	25296	Non recovery of house rent allowance and 5% maintenance charges	9,254,796
4	Lahore High Court, Lahore	2016-17	25301	Administrative, Deputation, Qualification and non practicing Allowance	3,666,991
5	Senior Civil Judge, Lahore	2015-17	23760	Overpayment of Judicial allowance	3,216,000
6	Lahore High Court, Lahore	2016-17	25310	Overpayment of Travelling Allowance	442,428
Total					111,604,463

Audit was of the view that weak supervisory and financial controls resulted in inadmissible payment of allowances.

The matter was pointed out in March and October 2018. The management at Sr. No. 01 replied that Honorable Judges were nominated alongwith ancillary staff to work at allied benches, the reply was not tenable since it was not supported by documentary evidence. The managements at Sr. Nos 2 & 5 noted the observations for compliance. The managements at Sr. Nos. 3, 4 & 6 replied that the said allowances were

admissible. The replies were not tenable since the replies were not supported with documentary evidences.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should effect recovery of the stated amount or seek regularization of the matter.

15.4.8 Irregular expenditure on contingent paid staff-Rs.39.65 million

According to Finance Department letter No. FD.SO (GOODS) 44-4/2011 dated 06.07.2013, no contingent paid staff shall be appointed without prior approval of the Finance Department. Further, Supreme Court of Pakistan in its judgment dated 19.01.1993 in Human Rights Case No. 104 of 1992 stated that recruitments, both adhoc and regular, without publicly and properly advertising the vacancies, is a violation of fundamental rights. As such no post could be filled in without proper advertisement, even on adhoc or contract basis.

During audit of Registrar, Lahore High Court, Lahore for the period 2016-17, scrutiny of SAP Data (paid vouchers were not produced to audit) revealed that an amount of Rs.39,652,366 was paid on account of contingent paid staff without recruitment of said staff through advertisement and prior approval of the Finance Department.

Audit was of the view that weak supervisory and administrative controls resulted in irregular expenditure.

The matter was pointed out in March 2018, the management replied that the said staff was recruited in the light of presidential order

1997 which permits the Hon'ble Judge to appoint choice peon/orderly/driver. The reply was not tenable as it was not supported by documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of the matter besides stopping the unjustified practice of appointing choice staff to be paid out of government exchequer.

(PDP No. 25289 – Lahore High Court, Lahore – 2016-17)

15.4.9 Expenditure charged to irrelevant object head-Rs.15.05 million

According to Para 5 of Finance Department letter No. PS/FS/808/78 dated 26.02.1978, Principal Accounting Officers should ensure by issuing suitable instructions to the Controlling and Disbursing Officers that all payments are correctly charged under the appropriate heads of accounts.

During audit of Registrar, Lahore High Court, Lahore for the period 2016-17, it was observed that expenditure amounting to Rs.15,047,243 was charged to wrong heads of accounts.

Audit was of the view that non observance of “Chart of Classification” resulted in misclassified expenditure.

When pointed out the matter, the management replied that payment is rightly made on account of making of certified photocopies under head “payment to others for services rendered”. Payment made on account of purchase Mobile Phones was also made under correct object head

“others”. The reply was not acceptable as it was not supported by documentary evidence.

The matter was reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of expenditure besides strengthening financial and supervisory controls to avoid such lapses in future.

(PDP No. 25292 – Lahore High Court, Lahore – 2016-17)

15.4.10 Irregular mode of payment of salaries-Rs.4.89 million

As per Finance Department’s letter No.SO(TT)2-2/72-Pt-I dated 19.07.2008, monthly salary of all government employees may strictly be disbursed through their bank accounts alone failing which the salary of defaulting employees may be stopped.

During audit of Senior Civil Judge Lahore for the period 2015-17, it was observed that an amount of Rs.4,893,220 was drawn from treasury and disbursed to staff on account of pay and allowances through cash instead of their bank accounts in violation of government instructions. The details are as under:

Sr. No.	Cheque No.	Date	Month	Amount Rs
1	2642576	28.01.16	01/2016	456,323
2	2628248	28.12.15	12/2015	939,225
3	Nil	11/2015	11/2015	1,509,662
4	2625326	11.12.15	11/2015	104,088
5	2609482	11.11.15	10/2015	401,266
6	Nil	10/2015	10/2015	629,218
7	2625828	17.12.15	12/2015	38,861
8	2765544	27.07.16	07/2016	49,098

Sr. No.	Cheque No.	Date	Month	Amount Rs
9	2654756	26.02.16	02/2016	321,070
10	2666875	30.03.16	03/2016	243,105
11	2855678	01.01.17	01/2017	28786
12	2976499	19.06.17	06/2017	29727
13	2857838	24.02.17	02/2017	29727
14	2936500	29.05.17	05/2017	28786
15	Nil	24.12.16	11/2016	27844
16	Nil	Nil	08/2016	28217
17	Nil	05.12.16	10/2016	28217
Total				4,893,220

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

The matter was pointed out in March 2018. The management noted the observation for compliance.

The matter was reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity may be got condoned from competent authority besides adoption of remedial measures.

(PDP No. 23768 – Senior Civil Judge, Lahore – 2015-17)

Recoveries and overpayments

15.4.11 Non-collection of rent & utility charges-Rs.66.11 million

According to Rule 2.10 (a) (1) of PFR-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 the expenditure of his own money. Moreover, according to Section 2, Part-A, Chapter-22 of High Court Rules and Orders Vol-IV, Bar Rooms shall

be classified as Judicial buildings under the control and management of the High Court.

During audit of Lahore High Court, it was observed that Banks (alongwith ATMs) *katuchery* compound (or compound of courts), NADRA office, Passport office, canteens, shops were running their business in the area of the office premises. But rent was not charged by the respective offices. Moreover, utility charges were also not being charged by the offices concerned. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Lahore High Court, Lahore	2016-17	25291	29,620,542
2.	Senior Civil Judge, Lahore	2015-17	23763	24,000,000
3.	Senior Civil Judge, Lahore	2015-17	23762	9,612,000
4.	Lahore High Court, Lahore	2016-17	25302	2,880,000
Total				66,112,542

Audit was of the view that weak financial controls resulted in non-collection of rent & utility charges.

The management at Sr. No. 1 replied that as per chapter 22-A, Vol-IV of High Court Rules & Orders, Bars are part and parcel of High Court and liabilities are to be paid by the High Court. The Hon'ble Chief Justice and Judges allowed the bars to run the canteens/shops and manage their affairs from the income generated from them. As regards establishment of Passport and I.D. Card offices in the premises of the court, it is clarified that these were opened by the government to facilitate their Lordships, counsels, officers and officials of the court. The reply was not acceptable because it was not supported by documentary evidence.

The matter was pointed out in March 2018. The managements at Sr. Nos. 2 & 3 noted the observations for compliance. The management at Sr. No. 4 replied that banks are opened to facilitate Honorable Judges Counsels and officers/officials of the court keeping in view the security measures. The reply being evasive was not acceptable.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to recover the actual amount of rent and utility charges under intimation to audit.

15.4.12 Doubtful expenditure due to non-accountal of POL-Rs.13.44 million

According to Section 49 of Appendix-14 of PFR Vol-II, the Logbooks should be maintained in the prescribed form and the accounts of petrol, oil, lubricants and spare parts should be maintained separately for each vehicle and the matters of vehicles should always be kept in order. Moreover, according to Finance Department letter No. FD (M.R) MW/1-4/92 dated 26.09.1992, PAC-I in its meeting held on 04.08.1992 directed that if the entries in the stock register are not present at the time of audit or if the record is not shown to audit, the entries made and record produced afterwards would not be accepted.

During audit of Registrar, Lahore High Court, Lahore for the period 2016-17, it was observed that expenditure amounting to Rs.13,441,260 was incurred on purchase of POL but neither the POL was accounted for in the log books of vehicles/generators (log books not maintained) nor were any supporting documents (vouchers etc.) available on record. It is pertinent to mention here that amount of observation is based on sample vouchers produced to Audit for scrutiny.

Due to non accountal of POL, the authenticity of expenditure could not be verified and the expenditure so incurred was held irregular/doubtful.

The matter was pointed out in March 2018. The management replied that under Order (perks and privileges), Hon’ble Chief Justice/Hon’ble Judges are exempted from maintenance of log books with 500 litres monthly ceiling. The reply was not acceptable as it was evasive.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that either the relevant record of POL be shown to Audit or the amount of POL be recovered.

(PDP No. 25293 – Lahore High Court, Lahore – 2016-17)

15.4.13 Non-deduction of Punjab Sales Tax and income tax-Rs.3.03 million

According to Income Tax Ordinance 2001 and Punjab Sales Tax on Services Act 2012, the departments are required to deduct taxes at prescribed rates at the time of payment.

During audit of Lahore High Court, scrutiny of contingent paid vouchers revealed that Income Tax and Punjab Sales Tax was not/ less deducted from the payment made to suppliers/service providers. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Non/less deduction	Amount (Rs.)
1.	Lahore High Court, Lahore	2016-17	25303	PST	2,218,783
2.	Lahore High Court, Lahore	2016-17	25307	Income tax	652,398
3.	Senior Civil Judge, Lahore	2015-17	23761	Income tax	130,621
				PST	26,730
Total					3,028,532

Audit was of the view that weak internal controls on “Taxation” resulted in non/ less deduction of income tax and Punjab Sales Tax.

The matter was pointed out in March 2018. The managements at Sr. Nos. 1 & 2 replied that due to late arrival of notification, new tax rates could not be applied and the management at Sr. No. 3 noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should effect prompt recovery besides strengthening internal controls on taxation.

15.4.14 Non-recovery of embezzled amount of receipts-Rs.4.25 million

According to Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Lahore High Court Lahore for the period 2016-17, it was observed that a shortfall of Rs.4,249,866 was reported by the Internal Audit of the Lahore High Court, Lahore vide letter No.1231/HR-II dated 06.09.2017 in receipt of the Lahore High Court. Neither the responsibility had been fixed nor had money been recovered from the defaulter till close of the audit.

Audit was of the view that weak internal controls on “Recoveries” resulted in non-recovery of embezzled amount.

When pointed out the matter in March 2018, the management replied that under the orders of Honourable Chief Justice, it had been referred to Anti-corruption. The reply was not tenable as even a single penny had not been recovered despite the lapse of more than six months.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to expedite recovery and take effective steps to punish the defaulters besides strengthening internal and supervisory controls to avoid such lapses in future.

(PDP No. 25300 – Lahore High Court, Lahore – 2016-17)

Others

15.4.15 Non-submission of adjustment account-Rs.46.60 million

According to Rule 2.20 of PFR Vol-I, every payment, including repayment of money previously lodged with Government, for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim. Further, according to the conditions mentioned in sanction for advance drawl, adjustment account with supporting vouchers/documents will be furnished to A.G. Punjab within one month of the drawl of advance for adjustment in the books of accounts.

During audit of Lahore High Court, Lahore for the period 2016-17, it was observed that advance payments amounting to Rs. 46,604,000 were made for purchase of vehicles, but adjustment accounts with supporting vouchers/documents were not submitted to A.G. Punjab for adjustment. The details are as under:

Sr. No.	Firm Name	Cheque No.	Date	Amount Rs.
1	Honda Atlas	2935769	21.05.16	2,578,000
2		2935770	21.05.16	2,578,000
3		2935771	21.05.16	2,578,000
4		2935772	21.05.16	2,578,000
5		2935773	21.05.16	2,578,000

Sr. No.	Firm Name	Cheque No.	Date	Amount Rs.
6		2935774	21.05.16	2,578,000
7		2935775	21.05.16	2,578,000
8		2935776	21.05.16	2,578,000
9		2935777	21.05.16	2,578,000
10		2935778	21.05.16	2,578,000
11		2935779	21.05.16	2,578,000
12		2935780	21.05.16	2,578,000
13		2935781	21.05.16	2,578,000
14		2935782	21.05.16	2,578,000
15	Toyota Ravi	2937339	02.06.17	10,512,000
Total				46,604,000

Audit was of the view that weak supervisory controls resulted in non submission of vouched account.

The management replied that advance drawl was made after getting necessary approval from Finance Department and Hon'ble Chief Justice as well. The reply was irrelevant, hence, not acceptable.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends submission of vouched account with supporting documents to A.G. Punjab for adjustment of advance drawl under intimation to audit.

(PDP No. 25288 – Lahore High Court, Lahore – 2016-17)

15.4.16 Irregular/unauthorized advance payment-Rs.10.51 million

According to Rule 17.19 and 2.10 (b) (5) of PFR Vol-I, it is not permissible to draw advances from the treasury just to prevent the lapse of appropriations. Moreover, as per Rule 17.2 ibid, the expenditure (from government revenue) should be sanctioned by the competent authority.

During audit of Registrar, Lahore High Court, Lahore for the period 2016-17, it was observed that advance payment amounting to Rs. 10,512,000 was made to Toyota Ravi Motors for purchase of 06 Toyota Corolla XLI cars. The payment was held irregular/unauthorized because sanction for advance drawl was not obtained from Finance Department.

When pointed out the matter, the management replied that advance drawl is made after getting necessary approval from Finance Department and Hon'ble Chief Justice as well. The reply was not acceptable because it was not supported by documentary evidence.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of matter from Finance Department.

(PDP No. 25295 – Lahore High Court, Lahore – 2016-17)

15.4.17 Non-deposit of rent of canteens-Rs.2.64 million

As per Rule 4.7 (1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account.

During audit of Lahore High Court, Multan Bench for the period 2014-16, it was observed that two canteens were running their business in the premises of the 15-C Multan Bench since long and rent @Rs.30,000 each was being charged by the administration of Bar every month. It was further observed that electricity was also being supplied from the main

supply of the building to both contractors but utility charges (@ 25,000 per month had not been recovered as per record of the department. Thus, the government sustained heavy loss of Rs.2,640,000 during the period under audit.

Audit was of the view that the lapse was due to weak supervisory and administrative controls.

When pointed out the matter, the management replied that matter would be referred to high ups for guidance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility for irregular lease of government premises should be fixed besides recovery of the amount and its deposit into government treasury.

(PDP No. 23036 – Lahore High Court, Multan Bench – 2014-16)

15.4.18 Irregular opening of bank account and retention of unclaimed money in commercial bank-Rs. 634,500

Finance Department letter No. FD (W&M)1-1/70 (Vol-XI) dated 20.11.2013, requires that funds/accounts be placed with the Bank of Punjab.

During audit of Senior Civil Judge, Lahore for the period 2015-17, it was noticed that an amount of Rs 634,550 was kept in MCB in Session Court Branch in current account No. 0442590751004012. The amount was received from clients on account of local commission fee, payment of travelling charges to witnesses etc. The unclaimed money was to be

remitted into the treasury but it was deposited into MCB instead of Bank of Punjab. Cash book of the account was not maintained. The payments were made to lawyers and witnesses as per orders of court but revenue stamps were not affixed on acquittance rolls.

Audit was of the view that lapse occurred due to weak supervisory and financial controls.

When pointed out the matter in March 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be looked into and amount may be transferred to Bank of Punjab, Lahore besides adoption of remedial measures.

(PDP No. 23764 – Senior Civil Judge, Lahore – 2015-17)

15.4.19 Non deposit of forfeited CDR-Rs.570,000

According to Rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Registrar, Lahore High Court, Lahore for the period 2016-17, scrutiny of record regarding procurement revealed that bid security of M/S Paper Services in shape of CDR amounting to Rs. 570,000 was forfeited but instead of depositing the CDR into government treasury, it was deposited into bank account number 4236-9 being operated in HBL, Opposite Lahore High Court Branch (branch code 0617)

in the name of Registrar, Lahore High Court which caused loss to government.

Audit was of the view that weak internal and supervisory controls led to loss to government.

The matter was pointed out in March 2018. The management replied that the CDR was late deposited by the treasury office due to rush of work. The reply being irrelevant was not acceptable.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter to fix responsibility besides deposit of the amount (with interest) into government treasury.

(PDP No. 25308 – Lahore High Court, Lahore – 2016-17)

15.4.20 Irregular deposit of amount into PLA-Rs.411,600

As per Para no. 2.3 (a) of Treasury and Subsidiary Treasury Rules, 1988, whenever a Government servant receives money on behalf of Government, he must give the payer a receipt in proper form. The receipt should be signed only by a responsible Government servant who should satisfy himself at the time of signing the receipt and initialing its Counterfoil that the amount has been entered in the Cash Book (See Financial Rules), and initial (with date) the connected receipt entry in the Cash Book. All Receipt Books, including bankbooks, should be kept in the personal custody of the Government servant using them. As per Para No. 12.15 of PFR Vol-I, the Sheriffs Petty Accounts are made up of the numerous petty sums received by Civil, Revenue and Criminal Courts from parties to suits or other-judicial proceedings for immediate

disbursement in full (as for diet money of witnesses, commission fees, etc.). The receiving Courts should record and deal with these petty deposits with the same care and formality as with others. The pass book for deposit of amounts into PLA was to be maintained.

During audit of Registrar, Lahore High Court, Lahore for the period 2016-17, it was noticed that an amount of Rs. 411,600 was remitted into head of account PLA-G11215 as Revenue deposit since 01.07.2015 to 30.06.2017. But pass book, cheque book of the PLA was not shown. Amount deposited into treasury was not got verified from Treasury officer. Its deposit into treasury could not be verified. It is requested to maintain the pass book and produce cheque book for early inspection of the amounts drawn, if any. It is requested to look into the matter.

When pointed out the matter in March 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that compliance may be made and record may be shown to audit besides adoption of remedial measures.

(PDP No. 23765 – Senior Civil Judge, Lahore – 2015-17)

CHAPTER 16
LAW AND PARLIAMENTARY AFFAIRS
DEPARTMENT

16.1 ***Introduction***

Schedule-II to the Punjab Government Rules of Business 2011 assigns the following business to the Law & Parliamentary Affairs Department:

- Representation in criminal cases.
- Appeals and applications for enhancement of sentences and convictions.
- Filing and defending civil suits against Government and public servants.
- Advice to departments on all legal matters including interpretation of laws, rules and orders having the force of Law.
- Matters pertaining to the appointment, transfer, leave and fees of Government Law Officers, Advocate General, Public Prosecutors, Government Pleaders and Special Counsel.
- Matters relating to legal practitioners, including scale of fees.
- Defence of resource less pauper accused in the courts and fees to pleaders for such defence.
- Civil Law and Procedure.
- Matters relating to the Provincial Legislature including salaries, allowances and privileges of the Chief Minister,

Ministers, Speaker, Deputy Speaker, Parliamentary Secretaries, Advisors, Special Assistants and Members of the Provincial Assembly; and

- Scrutiny and drafting of bills, ordinances, notifications, rules, regulations, statutory orders and bye-laws.

16.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Law & Parliamentary Affairs indicate expenditure on various specified services vis-à-vis appropriation authorized by the Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	387.672	(98.532)	289.140	278.074	(11.065)
PC21011	1,086.366	122.163	1,208.529	1,171.267	(37.262)
PC21036	298.728	(160.317)	138.411	95.821	(42.589)
Total	1,772.766	(136.686)	1,636.080	1,545.163	(90.917)

Overview of Expenditure

The final budget of Law & Parliamentary Affairs for the year ended 30 June, 2018 was Rs. 1,636.080 million. Out of this, actual expenditure was Rs. 1,545.163 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	1,474,038,000	1,449,341,563	(24,696,437)	1.67
Development	298,728,000	95,821,537	(202,906,463)	67.92
Total	1,772,766,000	1,545,163,100	(227,602,900)	12.84

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	1,497,669,000	1,449,341,563	(48,327,437)	3.23
Development	138,411,000	95,821,537	(42,589,463)	30.77
Total	1,636,080,000	1,545,163,100	(90,916,900)	5.56

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (90.917) million at the close of the year 2017-18 under grants PC21010, PC21011 & PC22036 were not surrendered in time by the Department.

16.3 Brief comments on the status of compliance with PAC Directives

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1.	1984-1985	3	01	02	33
2.	1988-1989	02	01	01	50
3.	1994-1995	01	01	0	100
4.	1996-1997	03	01	02	33
5.	1999-2000	10	01	09	10
6.	2001-2002	20	15	05	75
7	2013-2014	03	0	03	0
Total		42	20	22	48

The table reflects that compliance with PAC directives in Law & Parliamentary Affairs Department needs to be improved.

16.4 AUDIT PARAS

Non production of record

16.4.1 Non production of record

As provided in Section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22.02.1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

During audit of Law & Parliamentary Affairs Department, following auditable record was not produced to Audit despite repeated requests:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of record
1.	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25934	Logbooks
2.	Solicitor to the Government of the Punjab, Lahore	2013-17	25912	Logbooks

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of record
3.	Solicitor to the Government of the Punjab, LHR	2013-17	25915	Logbooks
4.	District Attorney-I, Lahore	2013-17	25894	Budget allocation, last AIR, List of telephones (official/residential) and accommodation, Office order book, Circular Files, Schedule of payments, Budget control register, Stock register/assets register/liability register, Payroll, Recruitment Record of the newly appointed staff

Audit was of the view that due to non-production of record, the authenticity of the expenditure could not be verified.

The matter was pointed out in May 2018. The managements at Sr. Nos.1 to 3 noted the observations for compliance. The management at Sr. No. 4 replied that all the record was available and would be produced to audit. The reply of the department was not tenable as the record was not produced during the course of audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility and taking action for non-production of record.

Irregularities & non-compliance

16.4.2 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.27.66 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 (ibid), a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Further, as per Rule 12(1) (ibid), a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper. Furthermore, as per Rule 37 ibid, a procuring agency shall announce the results of bid evaluation in the form of report on prescribed form giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

During audit of Law & Parliamentary Affairs Department, it was observed that expenditure to the extent of Rs.27,664,848 was incurred on procurement of goods and services relating to different heads of accounts without observing above stated rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
1	Solicitor to the Government of the Punjab, Lahore	2013-17	25907	Mis-procurement of IT Equipment, Hardware and Printing due to annual planning for all proposed procurements and bid evaluation report was not advertised on PPRA website	13,568,718

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
2	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25926	Mis-procurement due to non uploading of evaluation report on PPRA web site on account of entertainment and gifts	5,935,948
3	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25936	Mis-procurement due to non uploading of evaluation report on PPRA web site on for purchase stationery and computer stationery	2,780,381
4	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25924	Mis-procurement due to non uploading of evaluation report on PPRA web site for purchase of IT equipment of machinery	1,515,059
5	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25925	Mis-procurement due to non uploading of evaluation report on PPRA web site for purchase of furniture and fixture	1,492,870
6	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25919	Purchase of stationery through split up indent to avoid PPRA/quotations	1,121,663
7	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25928	Mis-procurement due to non uploading of evaluation report on PPRA web site on head of account of others	1,032,010
8	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25927	Mis-procurement due to non uploading of evaluation report on PPRA web site on account of cost of other store	218,199
Total					27,664,848

Audit was of the view that non-observance of PPR 2014 led to a non transparent process of procurement.

The matter was pointed out in March 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed to fix responsibility besides regularization of the expenditure from the competent authority.

16.4.3 Irregular expenditure on account of rent of office building- Rs.15.08 million

As per Sr. No. 3 of Part-I of the Second Schedule of the Punjab Delegation of Financial Power Rules, 2006 (updated 2016), hiring of buildings on rent would be subject to the conditions that (a) the accommodation is according to the scale approved by the Government, (b) the rent does not exceed as assessed by the Excise, Taxation and Narcotics Control Department for the purpose of Urban Immovable Property Tax. In case the rent exceeds as assessed by the Excise, Taxation and Narcotics Department, the Administrative Department shall give rent reasonability certificate and, (c) non-availability certificate by the C&W Department that there is no official building available for housing a particular office.

During audit of Solicitor to the Government of the Punjab, Lahore for the period 2013-17, examination of record pertaining to rent of building revealed that an amount of Rs. 15,077,460 was paid as rent of portion in Rehman Arcade located near Civil Secretariat. The rent was paid @ Rs.315,000 per month (average) with 10% increase annually. The following irregularities were noticed:

- Building was taken on rent at high Rate @ Rs.315,000 per month (average) with 10% increase without estimated required covered area for office. Moreover, no market survey was conducted in other area of Lahore for taking building on rent on comparative rates.
- Building was rented/hired without obtaining rent assessment certificate from Excise, Taxation and Narcotics Control Department for the period under audit 2013-17.

Furthermore, building was hired without obtaining non availability certificate from C&W Department.

Audit was of the view that weak administrative and financial controls resulted in irregular expenditure on account of rent of building.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek regularization of the expenditure from the Finance Department.

(PDP No.25913 – Solicitor to the Government of the Punjab, Lahore – 2013-17)

16.4.4 Unauthorized sanction of expenditure-Rs.9.13 million

According to Rule 2(b)(i) of Delegation of Financial Power Rules 2006, Category-I & II officers are competent to accord sanction to incur expenditure of Rs.400,000 & Rs. 300,000 respectively on local purchase of stationery including computer stationery during a financial year. Moreover, as per Rule 2(b)(ii) *ibid*, Category-I officer was competent to accord sanction to incur expenditure of Rs. 800,000 on machinery and equipment during one financial year for one article / item or class of similar articles of stores/commodities.

During audit of Solicitor to the Government of the Punjab, Lahore for period 2013-17, it was observed that above financial rules were not strictly adhered to by the DDO and expenditure of Rs. 9,130,761 on purchase of machinery, IT equipment and stationery was sanctioned beyond competence of the Solicitor. The details are as under:

Sr. No.	PDP No.	Description	Amount (Rs.)
1	25906	Purchase of Machinery & IT Equipment	8,691,000
2	25905	Purchase of Stationery	439,761
Total			9,130,761

Audit was of the view that non-adherence to the Punjab Delegation of Financial Powers Rules resulted in un-authorized sanctioning of expenditure.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the expenditure should be got regularized with the sanction of competent authority.

16.4.5 Un-authorized payment of Special Allowance- Rs.6.37 million

As per letter No.SO(E-I)PPD/1-16/2014 dated 14.01.2016 Secretary Public Prosecution Department, Lahore, Special Allowance to the officers of Public Prosecution Department was enhanced with immediate effect. Moreover, as per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of District Attorney, Dera Ghazi Khan for the period 2005-18, scrutiny of the expenditure statements revealed that Rs.6,370,738 was drawn on account of Special Allowance and paid to officers i.e. District Attorney @ Rs.35,000 per month, Deputy District Attorney @ Rs.17,500 per month and Assistant District Attorney/Law Officers @

Rs.15,000 per month. Expenditure was held unauthorized because Special Allowance at above monthly rates was paid to officers without any specific orders of the Finance Department. The details are as under:

Sr. No.	Year	Budget Allocation (Rs.)	Exp (Rs.)
1	2017-18	1,500,000	1,442,500
2	2016-17	1,290,000	1,282,500
3	2015-16	505,000	489,516
4	2014-15	380,000	357,177
5	2013-14	380,000	375,000
6	2012-13	470,000	420,000
7	2011-12	480,000	379,597
8	2010-11	980,000	297,016
9	2009-10	570,000	600,417
10	2008-09	600,000	502,015
11	2007-08	197,000	225,000
Total		7,352,000	6,370,738

Audit was of the view that weak internal controls on payroll resulted in un-authorized payment of special allowance to various officers.

When pointed out the matter, the management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that either the stated amount be recovered from the concerned or unauthorized payment of special allowance be got regularized from the competent authority.

(PDP No.27288 – District Attorney, Dera Ghazi Khan – 2005-18)

16.4.6 Unjustified/Irregular payment –Rs. 1.31 million

As per Rule 2.31 of PFR Vol-I, a drawl of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, fraud and misappropriation.

During audit of District Attorney-I, Lahore for the period 2013-17, it was observed that an amount of Rs.1,312,638 was paid to the employees on account of encashment and arrears of pay & allowances. The details are as under:

Sr. No.	Name of employee	Description	Amount (Rs.)
1.	Muhammad Mushtaq		181,560
2.	Khalid Javed	Cheque No.2826130, dt.12.1.17	342,135
3.	Muhammad Sharif		61,471
4.	Muhammad Safdarali	cheque No. 2563057, dt. 25.6.15	119,573
5.	Shah Muhammad	Ch. No.2563053	135,780
6.	Muhammad Irshad	2563979, dated 30.6.15	174,770
		Total(a)	1,015,289
7.	M. Arshad	2013-14	76,589
8.	Aslam Raza	2014-15	20,412
9.	Muhammad Siddique	2014-15	85,160
10.	Muhammad Khalil	2014-15	19,403
11.	Zulfiqar Ali	2014-15	11,343
12.	Muhammad Irshad	2014-15	12,843
13.	Hafiz Sajjad	2016-17	71,599
		Total (b)	297,349
		Grand total (a+b)	1,312,638

Following observations were noticed:

1. No LPCs were provided to verify the claims of the retired employees.
2. No leave account balances were provided/available to verify the number of earned leaves and qualifying services of the retired employees.

3. No sanction of encashment amount was provided along with the claims of Mr. Muhammad Mushtaq and Mr. Muhammad Safdar Ali.
4. Acquaintance rolls were neither maintained nor provided for audit scrutiny to authenticate proper acknowledgment of the payment.
5. No pay slips were found attached with the bills
6. No due drawn statements were found attached with the pay bills.
7. No certificate of the DDO regarding no duplicate payments were available with the bills.

Audit was of the view that due to weak internal controls unjustified/irregular payments were made.

The matter was pointed out in May 2018. The management replied that all the record was available for verification. The reply was not tenable as during the course of audit several verbal requests were made to the DDO and the dealing staff regarding provision of record but no record was provided during the course of audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to fix responsibility besides strengthening of supervisory and financial controls.

(PDP No.25896 & PDP No.25897 – District Attorney-I, Lahore – 2013-17)

Internal control weaknesses

16.4.7 Lapse of funds due to non-surrendering of savings-Rs.19.54 million

According to Para No. 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Law & Parliamentary Affairs Department, it was observed that an amount of Rs.19,543,761 was lapsed due to non-surrendering of savings well in time. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25921	12,891,173
2.	District Attorney, Attock	2016-18	28647	3,897,110
3.	Solicitor to the Government of the Punjab, Lahore	2013-17	25914	2,755,478
Total				19,543,761

Audit was of the view that weak financial controls on budgetary provisions resulted in non surrendering of savings.

The matter was pointed out in May and October 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek condonation of irregularity from the Finance Department.

16.4.8 Excess expenditure - Rs. 17.38 million

According to Rule 17.15 of PFR Vol-I, no government servant may, without previously obtaining an extra appropriation, incur expenditure under the head concerned and when a government servant exceeds the annual appropriation, he may be held responsible for the excess.

During audit of Law & Parliamentary Affairs Department, it was observed that an amount of Rs.17,380,410 was incurred in excess of the budget allocation under various heads of accounts. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Attorney, Dera Ghazi Khan	2005-18	27289	10,484,043
2.	District Attorney-I, Lahore	2013-17	25898	4,585,463
3.	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25923	1,761,969
4.	District Attorney, Attock	2016-18	28648	548,935
Total				17,380,410

Audit was of the view that weak internal controls on “Appropriations” resulted in excess expenditure than budgetary allocations.

The matter was pointed out in May and October 2018. The managements at Sr. Nos. 2 to 4 noted the observations for compliance. The management at Sr. No. 1 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek regularization of the expenditure from the Finance Department.

16.4.9 Non-submission of vouched account-Rs.5.29 million

Finance Department, Government of the Punjab granted permissions for advance withdrawals of funds subject to the condition that vouched account with supporting vouchers/ documents be furnished to the Accountant General Punjab within one month of the withdrawal of advances for adjustments in the books of accounts.

During audit of Secretary Law & Parliamentary Affairs Department for the period 2016-17, it was observed that an amount of Rs.5,291,250 was drawn in advance but vouched account with supporting vouchers/documents was not submitted to AG Punjab Lahore even after a lapse of considerable time in violation of government orders. The details are as under:

Sr. No.	PDP No.	Sanctioned vide No. Acctt.& date	Description	Amount (Rs.)
1.	25931	12-43/2014 (P) 2342 & 04.03.2016	Advance payment made to University of the Gujrat	5,000,000
2.	25922	12-51/2016/4215 & 01.08.2016	Advance payment made on account of staff moavin for hajj 2016	291,250
Total				5,291,250

Audit was of the view that disregard to the government instructions resulted in irregular expenditure of Rs. 4,966,250.

The matter was pointed out in May 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be looked into, vouched account should be submitted to the AG Punjab Lahore for adjustment of advances besides condonation of irregularity from the competent authority.

16.4.10 Unauthorized mode of payments-Rs.3.76 million

As required in Rule 4.49(a) of Punjab STR read with Government of the Punjab Finance Department letter No. F.D (FRV-6/75(P) dated 20.06.2007, all payments (exceeding Rs.100,000) should be made through bank/pay order instead of cash. Moreover, as per Finance Department letter No. SO (TT)2-2/72-Pt-I dated 19.07.2008, monthly salary of all government employees may strictly be disbursed through their bank accounts alone, failing which the salary of defaulting employees may be stopped.

During audit of Law & Parliamentary Affairs Department, it was observed that payments amounting to Rs.3,762,205 were made on account of rent of building, leave encashment and pay & allowances in cash instead of through cheques/ pay orders in violation of the above government instructions. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Payment on account of	Amount (Rs.)
1	Solicitor to the Government of the Punjab, Lahore	2013-17	25911	Rent of building	1,786,235
2	Solicitor to the Government of the Punjab, Lahore	2013-17	25909	Leave encashment	935,984
3	District Attorney-I, Lahore	2013-17	25892	Pay & allowances	689,466
4	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25930	Leave encashment	350,520
Total					3,762,205

Audit was of the view that non-observance of government instructions resulted in irregular mode of payments.

The matter was pointed out in May 2018. The managements at Sr. Nos. 1, 2 & 4 noted the observations for compliance. The management at Sr. No.3 replied that bills were not paid in cash but drawn through their bank accounts. The reply of the department was not tenable as during the course of audit several verbal requests were made for provision of record.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should seek condonation of irregularity from the Finance Department.

16.4.11 Non-accountal of consumable items-Rs.373,553

As per Rule 15.12 of PFR Vol-I, a reliable list, inventory or accounts of all stores in the custody of the government servants must be maintained, to enable a ready verification of stores and check of accounts at any time. Transactions must be recorded in it as they occur. Moreover, as per Rule 15.4 (a) *ibid*, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken and then entered in the appropriate stock register. Furthermore, as provided under FD letter no F(Mn)mw/1-4/92 dated 26.09.92, if the entries in stock register/ log book are not present at the time of audit or if the concerned officials are not present at the audit and the record was not shown to audit, entries made and record produced afterwards would not be accepted.

During audit of District Attorney-I, Lahore for the period 2013-17, scrutiny of contingent vouchers under various contingent heads revealed that expenditure of Rs.373,553 was incurred on purchase of various store articles but stock entries and consumption account with indents of end user were not maintained in violation of above mentioned rule. Further, supply orders were also not attached with the bills.

Audit was of the view that weak management and financial controls resulted into non accountal of stores.

The matter was pointed out in May 2018. The management replied that the subject registers were available/maintained which can be verified by Audit. The reply was not tenable as during the course of audit the record was not provided despite several requests.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter to fix the responsibility besides condonation of irregularity from the Finance Department.

(PDP No.25893- District Attorney-I, Lahore- 2013-17)

Recoveries and overpayments

16.4.12 Non/less deduction of taxes –Rs.1.83 million

Second Schedule to Punjab Sales Tax Act 2012 provides that sales tax @ 16% should be deducted on services provided for specific purposes. Moreover, as per section 153(1) (a) of Income Tax Ordinance 2001, income tax was to be deducted at source on supplies @ 4.5% & 6.5% and on services @ 10% & 15% from filers and non-filers respectively.

Furthermore, as per Section 155 ibid, every prescribed person making a payment in full or part (including a payment by way of advance) to any person on account of rent of immovable property shall deduct tax from the gross amount of rent paid at the rate specified in Division V of Part III of the First Schedule.

During audit of Law & Parliamentary Affairs Department, it was observed that different formations made payments on account of different services rendered by various contractors but Punjab Sales Tax and withholding tax on services was either less deducted or not deducted at source. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of tax	Amount (Rs.)
1	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25918	Non deduction of Punjab Sales Tax	1,340,160
2	Solicitor to the Government of the Punjab, Lahore	2013-17	25910	Less deduction of income tax on rent of property	301,790
3	Secretary Law & Parliamentary Affairs, Lahore	2016-17	25932	Less deduction of PST and	158,727
				Income tax on catering services	25,138
Total					1,825,815

Audit was of the view that weak internal controls on “Taxation” resulted in non-deduction of taxes.

The matter was pointed out in May 2018. The managements at Sr. Nos. 1 & 2 noted the observations for compliance. The management at Sr. No. 3 did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix responsibility regarding non recovery of taxes besides recovery of the same and its deposit into government treasury.

Others

16.4.13 Irregular opening of bank account

As per para 9.1 of STR, a government servant may not, except with the special permission of the government, deposit in a Bank, moneys withdrawn from the Consolidated Fund or the Public Account of the Province under the provisions of Section VII of these rules. Further, Finance Department letter No. FD (FR)V-6/2, dated 29.10.1978 required that in no case the government money coming into the hands of a government servant either on account of receipts of the government or by way of withdrawal from the Treasury should be kept in a commercial bank except with the specific sanction of the Finance Department.

During audit of District Attorney Attock for the period 2016-18, it was observed that a bank account No. 51108 was being maintained by the management in National Bank of Pakistan main branch Attock under title District Attorney, Attock. Audit observed the following shortcoming:

- Permission for opening of above said bank account from the Finance Department was not shown/produced to audit.
- The date of opening of the above said bank account was also not produced to audit.
- The cash book of bank account alongwith bank reconciliation statement of the said bank account was neither available nor produced/ shown to audit since the date of opening of bank account upto date of current audit.

- The cheque books issuance requests sent to bank during 2011-16 alongwith cheque book register showing how many cheque books had been received from the bank since the date of opening of bank account upto date of current audit was not produced.

Audit was of the view that weak supervisory and financial controls resulted in irregular opening of bank account.

Audit pointed out the matter in October 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-observance of rules and government instructions, the irregularity be got condoned from the Finance Department and record be produced/shown to audit besides strengthening of supervisory and financial controls.

(PDP No.28646 –District Attorney, Attock- 2016-18)

CHAPTER 17

LITERACY & NON-FORMAL BASIC EDUCATION DEPARTMENT

17.1 *Introduction*

Literacy and Non-Formal Basic Education Department was created in August 2002 by the Provincial Government with the vision to eradicate illiteracy from the Punjab. Following tasks have been assigned to the Department.

- Promotion of Literacy through Non-Formal means.
- Research and development to achieve objectives for higher Literacy Rate.
- Adult Education.
- Training of Teachers and Material development for Non-Formal Education.

Vision:

Literacy & Non-Formal Basic Education Department is committed to Raise literacy rate to 100% by 2030.

Mission statement:

- Literacy & Non-Formal Basic Education Department is working for a cause; Millions of children and every illiterate adolescent & adult in Punjab be provided adequate access to basic literacy skills. The department has its interventions to provide access to education to the most under privileged segment of the population of Punjab.

17.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Literacy Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of two grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	72.784	(5,151,000)	67,633,000	67,652,746	0.0197
PC21036	1,650.000	(1,309,665,960)	340,334,040	338,152,279	(2.181)
Total	1,722.784	(1,314.817)	407.967	405.805	(2.162)

Overview of Expenditure

The final budget of Literacy Department for the year ended 30 June, 2018 was Rs. 407.967million. Out of this, actual expenditure was Rs. 405.805million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	72,784,000	67,652,746	(5,131,254)	7.05
Development	1,650,000,000	338,152,279	(1,311,847,721)	79.51
Total	1,722,784,000	405,805,025	(1,316,978,975)	76.44

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	67,633,000	67,652,746	19,746	0.03
Development	340,334,040	338,152,279	(2,181,761)	0.64
Total	407,967,040	405,805,025	(2,162,015)	0.53

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. 2.181 million for the year 2017-18 under grant PC22036 were not surrendered in time by the Department.

Excess expenditure requiring regularization

According to Para 13.2 (ii) of Punjab Budget Manual, the total expenditure incurred on a purpose does not exceed the grant or grants provided for that purpose. However, excess expenditure amounting to Rs.0.0197 million for the year 2017-18 under grant PC21010 had not been got regularized so far. This was breach of legislative control over appropriations.

17.3 *Brief comments on the status of compliance with PAC Directives*

Audit reports on the accounts of Government of the Punjab, Literacy and Non-formal Basic Education Department Audit Year 2013-14 and 2014-15 have not yet been discussed in PAC. Moreover, there is no other Report yet printed in any of the previous years. However, the department is requested to reconcile the matter with Audit Department regarding any discrepancy.

17.4 AUDIT PARAS

Irregularities & non-compliance

17.4.1 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.21.53 million

As per Rule 12 of Punjab Procurement Rules 2014, a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper. Moreover, as per Rule 8 *ibid*, a procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

During audit of Secretary, Literacy & Non Formal Basic Education Department, Lahore for the period 2016-18, it was observed that payment of Rs. 21,534,294 was made to different vendors for purchase of goods and services but tender process was not adopted by the department. Further, annual procurement planning was not devised/announced as required under Rule 8 of PPR 2014.

Audit was of the view that non-observance of PPR 2014 led to non transparent process of procurement.

When pointed out in July 2018, the management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be looked and irregularity be got condoned at an early date besides adoption of remedial measures.

(PDP No.25047 – Secretary, Literacy and Non-Formal Basic Education, Lahore - 2016-18)

17.4.2 Irregular consumption of POL beyond entitlements-Rs.349,773

According to the instructions contained in Chief Secretary Punjab’s letter no. AA/DS (G) 157/90, dated 03.7.1991, the patrolling vehicles of Police Department in Metropolitans and Municipal Corporations are entitled to consume 250 and 200 litres of fuel per month respectively.

During audit of Secretary, Literacy & Non Formal Basic Education Department, Lahore for the period 2016-18, scrutiny of contingent paid vouchers on account of POL revealed that the limit of POL was not observed by various officers and excess POL amounting to Rs. 349,773 was utilized. The detail is as under:

Vehicle No.	POL entitlement (liters per month)	Excess expenditure (Rs.)
MNJ-1021	150	41,478
LEG-1471	150	25,246
DGG-11	150	63,297
LEG-2726	175	100,448
LEG-123	200	78,900
LXZ-1307	150	40,404
Total		349,773

Audit was of the view that non observance of above government instructions resulted in irregular consumption of POL beyond entitlements.

When pointed out in July 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that either irregularity be got condoned at an early date or amount be recovered and deposited into government treasury besides adoption of remedial measures.

(PDP No.25044 – Secretary, Literacy and Non-Formal Basic Education, Lahore - 2016-18)

Recoveries and overpayments

17.4.3 Non deduction of conveyance allowance-Rs. 1.44 million

In accordance with Finance Department letter No. FD SR-I9-4/86 dated 21.04.2014, the Govt. officers who were availing government vehicles were not entitled to the facility of conveyance allowance wef 01.03.2014. The Department's instructions whereby the conveyance allowance was allowed on a certificate of not using vehicles from house to office and vice versa are withdrawn accordingly.

During audit of Secretary, Literacy & Non Formal Basic Education Department, Lahore for the period 2016-18, it was noticed that vehicles were allotted to various officers but conveyance allowance was not being deducted from their salaries.

The details are as under:

VehicleNo.	Designation	Period	CA per month	amount recoverable (Rs.)
LEG-10-123	Secretary	2016-18	5,000	120,000
LEG-2726	AS	2016-18	5,000	120,000
DGG-11	DS(A)	2016-18	5,000	120,000
MNJ-1021	DS(M&E)	2016-18	5,000	120,000
LEG-1471	DS(P)	2016-18	5,000	120,000
LEG-07-313	SO G /POOL	2016-18	5,000	120,000
LZO-8615	SO (ADMN)	2016-18	5,000	120,000
SLG-1001	SO (P)	2016-18	5,000	120,000
LXZ-1308	SO (LIT)	2016-18	5,000	120,000
LEG—1089	PS (B-17)	2016-18	5,000	120,000
LXZ—1307	Law Officer	2016-18	5,000	120,000
LEG-07-313	SO(G)	2016-18	5,000	120,000
				1,440,000

Audit was of the view that non observance of government instructions resulted in non-deduction of conveyance allowance.

When pointed out in July 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the stated amount be recovered and deposited into government treasury besides adoption of remedial measures.

(PDP No.25043 – Secretary, Literacy and Non-Formal Basic Education, Lahore - 2016-18)

17.4.4 Payment of inadmissible allowances-Rs.992,451

In accordance with FD letter no. FD.SR-II/61192/2012 dt. 24.12.2013, the positing of Civil servants on deputation basis in

Programmes / projects/ policy units / policy cells/ PMU is not covered under ambit of Rule 15 of the Punjab Civil Servants (Appointment & conditions of services Rules, 1974 and not deputations. Non practicing allowance was not admissible to lawyer. Special travelling allowance was not admissible in office of the Secretary, Literacy Department. Cash handling allowance has been dispensed with.

During audit of Secretary, Literacy Department, Lahore for the period 2016-18, it was observed that an amount of Rs.992,451 was overpaid on account of Deputation allowance, Charge allowance, Special Travelling allowance, Non practicing allowance, Disturbance allowance which was not admissible to the law officer and section officer. The details are as under:

Head	Name of allowance	2016-17 (Rs.)	2017-18 (Rs.)
A01236	Deputation allowance	10,878	0
A01238	Charge allowance	152,331	175,000
A01239	Special allowance	89,358	0
A01243	Special travelling allowance	24,528	24,528
A01252	Non Practicing Allowance	150,000	150,000
A01265	Cash handling allowance	1,800	1,800
A01266	Disturbance Allowance	15,000	0
A01270	Other	197,228	0
Total		641,123	351,328

Audit was of the view that non observance of government instructions resulted in payment of unauthorized allowances.

When pointed out in July 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the stated amount be recovered and deposited into govt. treasury besides adoption of remedial measures.

(PDP No.25041 – Secretary, Literacy and Non-Formal Basic Education, Lahore - 2016-18)

CHAPTER 18

LIVESTOCK AND DAIRY DEVELOPMENT DEPARTMENT

18.1 Introduction

Livestock and Dairy Development Department has two attached departments viz, Director General (Extension) and Director General (Research). The department was established in 1973. It caters for the requirements of livestock sector in the province. Livestock is increasingly becoming a very important sector of national economy, contributing even more than all the other agricultural crops. Livestock & Dairy Development Department strives to ensure growth and development of livestock sector in the province. Thus, this department is contributing towards national food security, economic uplift, rural development, poverty alleviation, employment generation and foreign exchange earnings.

The main functions of the department are as under:

- Management of Livestock, Dairy & Poultry Farms.
- Animal Health.
- Livestock Production Extension Services.
- Preservation and Development of Livestock Genetic Resources.
- Research & Training for Livestock Production

18.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Live Stock and Dairy Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in million)

Grant No.	Original Grant	Supple. Grant	Final Grant	Actual Expenditures	Saving (-) Excess (+)
(1)	(2)	(3)	(4)	(5)	(6)
PC21010	96.057	(38.116)	57.941	55.952	(1.988)
PC21020	9,796.420	1,698.943	11,495.363	11,033.030	(462.333)
PC22036	8,631.001	(1,522.676)	7,108.325	6,815.524	(292.800)
Total	18,523.478	138.151	18,661.629	17,904.506	(757.122)

Overview of Expenditure

The final budget of Live Stock and Dairy Development Department for the year ended 30 June, 2018 was Rs. 18,661.629 million. Out of this, actual expenditure was Rs. 17,904.506 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %age
(1)	(2)	(3)	(4)	(5)
Current	9,892,477,000	11,088,982,357	1,196,505,357	12.09
Development	8,631,001,000	6,815,524,270	(1,815,476,730)	21.03
Total	18,523,478,000	17,904,506,627	(618,971,373)	3.34

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %age
(1)	(2)	(3)	(4)	(5)
Current	11,553,304,000	11,088,982,357	(464,321,643)	4.019
Development	7,108,325,000	6,815,524,270	(292,800,730)	4.12
Total	18,661,629,000	17,904,506,627	(757,122,373)	4.06

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs.(757.122)million at the close of the year 2017-18 under grants PC21010, PC21020 & PC222036 were not surrendered in time by the Department.

18.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports of L&DD discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1984-85	13	13	0	100
2	1985-86	1	1	0	100
3	1986-87	22	20	2	91
4	1987-88	21	18	3	86
5	1988-89	8	5	3	63
6	1989-90	2	2	0	100
7	1990-91	5	4	1	80
8	1991-92	3	0	3	0
9	1992-93	4	4	0	100
10	1993-94	5	1	4	20
11	1994-95	12	5	7	42
12	1995-96	7	0	7	0
13	1996-97	4	2	2	50
14	1998-99	52	31	21	60
15	1999-00	36	22	14	61
16	2000-01	113	96	17	85
17	2001-02	46	22	24	48
18	2005-06	36	1	35	3
19	2006-07	28	25	3	89
20	2009-10	20	2	18	10
21	2010-11	16	5	11	31
22	2012-13	21	4	17	19
23	2013-14	33	15	18	45
Total		508	298	210	59

The compliance of PAC Directives in Livestock and Dairy Development Department is not encouraging. The department needs to improve it.

18.4 AUDIT PARAS

Non-production of record

18.4.1 Non production of record

As per Section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Further, Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22.04.1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/ Chief Secretary.

During the course of audit of Livestock and Dairy Development Department, auditable record was not produced to Audit despite repeated requests. (Annexure-56)

Audit was of the view that due to non-production of record, the authenticity of the accounts could not be verified.

The matter was pointed out in February, May and July to October, 2018. The managements at Sr. Nos. 5, 7 & 15 did not offer any comments, the managements at Sr. Nos. 11 & 19 did not offer any cogent reply, whereas rest noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

Irregularity and non compliance

18.4.2 Irregular transfer of funds to State Bank of Pakistan from Food & Agriculture Organization (United Nations)- Rs.1,834.74 million

Under Section-5 (b) of Controller General of Accounts (Appointment, Functions & Powers) Ordinance, 2001, the Controller General of Accounts derives his statutory mandate to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audited checks as the Auditor-General may, from time to time, prescribe.

During audit of of Director General Livestock and Dairy Development (Extension) for the period 2017-18, it was noticed that a project agreement was drawn between Government of Punjab and the Food & Agriculture Organization of the United Nations concerning the provision of technical assistance services in respect of Project “Control of trans boundary livestock diseases (foot and mouth disease and peste des petits ruminants)”. The Finance Department Government of the Punjab directly released funds to FAO as per detail given below:

(Rupees in million)

Release order No and Date	Purpose of release	Amount transferred in account	Amount (Rs.)
No. FD(L&DD/FW)1-404/16 dated 21.12.2017	Purchase of foot and mouth disease vaccine during 2017-18	Bank Account No. 01-7314833-01 Standard Chartered Bank, Islamabad	430.987

Release order No and Date	Purpose of release	Amount transferred in account	Amount (Rs.)
No FD (W & M)1-208/2017-18 dated; 19.12.2017	Foot and mouth disease control program during 2017-18	Bank Account No. 36352577 Citibank New York	1403.753
Total			1834.740

A sum of Rs. 1,834.74 million was transferred/booked under Grant 20 and 36 (AO3927-Purchase of medicines) as an expenditure incurred under above Project. Following observations were raised:

- i. Funds in two releases were directly released by the Finance Department to the State Bank of Pakistan for further credit to Food & Agriculture Organization of the United Nation (FAO) without routing them through Accountant General Punjab to avoid the mandatory pre-audit checks required under the provision of law.
- ii. No record was shown that the agreement was executed after observing Punjab Procurement Rules, 2014.
- iii. Full stock was not received.
- iv. As per Para 4 of the Article II of Project Agreement, all payments to FAOs shall be made to the Bank Account No. 36352577 maintained at Citibank New York whereas 1st release of was transferred to Bank Account No. 01-7314833-01 Standard Chartered Bank Islamabad in violation of agreement.
- v. According to Articles 1 read with XI of the agreement the gestation period for the execution and completion of Project was not informed. Despite completion of Project neither the vouched account was available/obtained nor the project outcome compiled and shown to audit.

When pointed out in October 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that early steps may be taken up for obtaining stock, producing tender record and stock register, besides adoption of remedial measures.

(PDP No.29083-Director General L&DD, Lahore- 2017-18)

18.4.3 Irregular expenditure on purchases without observing PPRA rules-Rs. 1,258.09 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 (ibid), a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Further, as per Rule 12(1) (ibid), a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper. Furthermore, as per Rule 37 ibid, a procuring agency shall announce the results of bid evaluation in the form of report on prescribed form giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

During audit of Livestock & Dairy Development Department, it was observed that expenditure to the extent of Rs. 1,258,088,062 (Annexure-57) was incurred on procurement of goods and services

relating to different heads of accounts without observing above stated rules.

Audit was of the view that disregard to Punjab Procurement Rules resulted in irregular expenditure.

The matter was pointed out to concerned formations in February, May and August to November 2018. The formations at Sr. Nos. 14 & 42 did not offer any cogent reply whereas the rest simply noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be probed to fix the responsibility besides regularization of the expenditure.

18.4.4 Non-observance of provisions of PC-Is-Rs. 756.17 million

As per PC-Is, some specific provisions as regards purchases and policy implimention issues were made by the competent authorities while finalizing the planning documents.

During Audit of development schemes of Livestock and Dairy Development Department, it was noticed that an amount of Rs. 756,173,428 held irregular due to non-observance of relevant PC-I provisions.

Sr. No	Name of formation	Period of Audit	PDP No	Development Scheme	Nature of Deviation	Amount (Rs.)
1.	Director, Live Stock, Gujranwala Division, Gujranwala	2015-18	27123	Poverty Alleviation of poor women through provision of Heifers and Sheep/ Goat in Punjab	Proper mechanism not followed for registration of beneficiaries and non-monitoring of real beneficiaries etc.	597,233,053

Sr. No	Name of formation	Period of Audit	PDP No	Development Scheme	Nature of Deviation	Amount (Rs.)
2.	Director, Breed Improvement, L&DD, Lahore	2016-18	28979	Improvement of low producer cattle in Punjab	Late delivery of semen and sub-standard semen declared by CASA in contradiction of provision of PC-I.	32,954,000
3.	Director, Live Stock, Gujranwala Division, Gujranwala	2015-18	27112	Improving productivity & fertility of small and large ruminants through encouragement of bull keeping for natural mating	Non-maintenance /monitoring of registration data of animals as provided in PC-I.	72,009,288
4.	Director, Live Stock, Gujranwala Division, Gujranwala	2015-18	27116	Enhancing competitiveness of livestock production system by joint venture of L& DD with skilled community activist	Less number of beneficiaries registered and Third party evaluation not conducted.	38,524,616
5.	Director, Live Stock, Gujranwala Division, Gujranwala	2015-18	27125	Provision of effective Veterinary & extension services at Livestock farmers door step	Non-monitoring of Scheme as required in PC-I	9,736,203
6.	Director, Live Stock, Lahore Division.	2015-17	24734	Poverty Alleviation of poor women through provision of Heifers and Sheep/ Goat in Punjab	Purchase of Animals at higher rates	4,852,536
7.	Director, Live Stock, Lahore Division.	2015-17	24737	Poverty Alleviation of poor women through provision of Heifers and Sheep/ Goat in Punjab	Expenditure incurred on entertainment without provision in PC-I.	863,732
Total						756,173,428

The Matter was pointed out in May, August & September 2018. The management at Sr. No. 2 did not submit any cogent reply, whereas, the rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter may kindly be got regularized from competent authority under intimation to audit besides strengthening of internal controls.

18.4.5 *Loss of public money due to unjustified closure of SPU kallurkot-Rs.231.29 million*

According to PC-I, the revised version of project “Establishment of Semen Production Unit (SPU), Kallurkot, District Bhakkar” was approved by the PDWP at total cost of Rs. 47,169,000. The object of SPU was to maintain 100 disease free animals and start production of semen at the rate of 200,000 local doses after completion of the project during first two years. The SPU will produce 600,000 doses of semen per annum after two years of its completion.

During audit of Semen Production Unit, Kallurkot (District Bhakkar) for the financial years 2012-18, it was observed that expenditure amounting to Rs. 231,294,432 was incurred by Semen Production Unit, Kallurkot since its establishment. Scrutiny of record revealed that 27 semen producing animals were maintained instead of 100 animals resulting in less production of semen doses up to 2011-12. This number was further reduced to 17 animals which were also handed over to SPU Qadirabad (Sahiwal) and SPU Kallurkot became practically non-functional by stopping semen collection on 24.10.2014. No reason for stopping semen collection at SPU Kallurkot was found on record. Later on, in a meeting dated 16.07.2016, SPU Kallurkot was declared non functional without assigning any reason and all the remaining assets valuing millions of rupees (agricultural land, implements and allied machinery/equipment, garages, platform, stores buildings, main parking shed and all classes of Thali sheep) of SPU Kallurkot were shifted to LES Jahangirabad, LES Kallurkot and LES RakhMahni.

Sr. No.	Financial Year	Total Expenditure Rs.	Sr. No.	Financial Year	Total Expenditure Rs.
1	2002-03	4,665,249	9	2010-11	11,923,674
2	2003-04	5,978,462	10	2011-12	13,185,813
3	2004-05	7,404,362	11	2012-13	16,485,323
4	2005-16	7,667,696	12	2013-14	18,660,161
5	2006-07	8,826,157	13	2014-15	18,585,722
6	2007-08	8,768,875	14	2015-16	19,352,562
7	2008-09	9,072,003	15	2016-17	16,429,209
8	2009-10	8,923,264	16	2017-18	8,196,900
Total-I		61,306,068	Total-II		122,819,364
Total Non-Development Expenditure (Total-I + Total-II)					184,125,432
Total Expenditure on Establishment of SPU (PC-I)					47,169,000
Grand Total					231,294,432

The following discrepancies were also observed:

- Less number of animals (17 to 27) was maintained since establishment of SPU Kallurkot due to which the target of production of semen doses could never be achieved.
- Instead of taking remedial measures for strengthening and improving SPU Kallurkot, the management silently let it fail and finally declared it non-functional without any feasibility report, survey, inquiry or expert opinion. This implies that either the project was not feasible but it was started despite clear chances of failure or the project was feasible but it was closed due to lack of interest and effective monitoring by the management.
- Due to closure of SPU Kallurkot, the government had to sustain loss of Rs. 231,294,432 in shape of cost of establishment of SPU, Kallurkot and non-development expenditure during 2002-2018.
- The assets of SPU Kallurkot were handed over to LES Jahangirabad, Kallurkot and Rakh Mahni without their

demand/requirement, hence, the same were unwanted for them.

- Agricultural land, implements and allied machinery/equipment, garages, platform, stores buildings and main parking shed of SPU Kallurkot remained unutilized from 24.10.2014 to 16.07.2016 due to which they lost their utility.
- Despite becoming practically non-functional on 24.10.2014, SPU Kallurkot incurred expenditure amounting to Rs. 62,564,393 during financial years 2014-2018.
- The land, building and other fixed assets of SPU Kallurkot were still unattended and losing utility day by day because these precious assets were handed over to LES Kallurkot without requirement.

Audit was of the view that weak internal and supervisory controls led to loss to government.

The matter was pointed out in September 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends probing the matter to fix responsibility for failure and closure of SPU Kallurkot and recovering the amount of loss from persons held responsible besides taking disciplinary/legal action.

(PDP No.29147- DD Semen Production Unit Kallorkot, District Bhakkar-2012-18)

18.4.6 Irregular cash payment-Rs.219.76 million

According to rule 4.49(a) of Subsidiary Treasury Rules, read with Finance Department's letter No. FD(FR)V-6/75(P) dated 20.06.2007, payment exceeding Rs.100,000 shall be made through cheque instead of cash.

During audit of Livestock & Dairy Development Department, it was observed that funds to the tune of Rs.219,759,582 were disbursed through cash/open cheques instead of crossed cheques in violation of above referred rule. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Director Livestock Gujranwala Division Gujranwala	2015-18	27118	162,925,000
2	Director Livestock Lahore Divion, Lahore	2015-17	24735	54,886,700
3	Superintendent, Livestock experiment station Jahangirabad, Khanewal	2015-18	30498	1,283,839
4	Govt. Poultry Farm Dina, Jhelum	2015-18	27172	664,043
Total				219,759,582

Audit was of the view that non-observance of government instructions resulted in irregular cash payment.

The matter was pointed out in May, August to October 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be got regularized from competent authority besides strengthening of internal controls.

18.4.7 Irregular maintenance/opening of bank accounts – Rs. 109.19 million

According to Finance Department's letter No. FD(FR)V-6/2, dated the 29th October, 1978 that a Government servant may not, except with the

special permission of the Government deposit in Commercial bank moneys withdrawn from the Provincial Consolidated Fund or Public Account of the Province.

Rule 9 (1) of Treasury Rules Punjab provides that a Government servant may not, except with the special permission of the Government, deposit in a Bank moneys withdrawn from the Consolidated Fund or the Public Account of the Province under the provisions of Section VII of these rules.

During audit of Livestock & Dairy Development Department, it was observed that bank accounts were opened/maintained by the department contrary to the above referred rules.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Suprintendent Live Stock experiment station Jahangirabad, Khanewal	2015-18	30495	109,190,824
2	Govt. Poultry Farm Bhahwalnagar	2013-18	29275	-
Total				109,190,824

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

The matter was pointed out in October & November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be got regularized from competent authority under intimation to audit besides strengthening of internal controls.

**18.4.8 Irregular Auction of Animals, Milk & Fruit-
Rs. 104.60 million**

During audit of Livestock & Dairy Development Department, it was observed that following items were auctioned. The auctions were held irregular on the following grounds:

- Advertisement was not made on PPRA website for auction of fruit. Further, proof of advertisement made in English newspapers was also not provided.
- Auction policy of milk duly approved by the Secretary Livestock & Dairy Development Department was neither prepared nor shown to verify whether the same was being implemented accordingly.
- Auction committee constituted by the competent authority for auction was also not found on record. Only some signatures were found available on bid sheets without mentioning the designation of the members. Mostly the members were local and some were subordinates of Farm Superintendent Jahangirabad. Representative of Commissioner Office was also not attached/involved in auction process for transparent auction.

Sr. No	Name of formation	Period of audit	PDP No.	Items	Amount (Rs.)
1	Superintendent LES, Jahangirabad, Khanewal	2015-18	30473	Milk	75,287,295
2	Superintendent LES, Jahangirabad, Khanewal	2015-18	30480	Animals	26,971,000
3	Superintendent LES, Jahangirabad, Khanewal	2015-18	30479	Fruit	2,339,900
Total					104,598,195

Audit was of the view that weak internal controls resulted in irregular auction.

The matter was pointed out in October 2018. The management noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be got regularized from competent authority besides strengthening of internal controls.

18.4.9 Purchase of medicine declared sub-standard by DTL –Rs. 62.64 million

As per clause 8 terms & conditions of contractor/firm is required to furnish the warranty certificate with regard to potency and stability in accordance with the rules of Drug Act 1976 under condition of Registration of Drugs/medicines by ministry of health and clause 16 also stated that random samples shall be taken by technical committee for drug testing. Required number of samples for analysis from drug testing laboratories i.e. Drug testing laboratory Faisalabad and National veterinary Laboratory Islamabad shall be provided free of cost. Drug testing fee will also be aid by the firm on scheduled rates of both the above cited laboratories.

During audit of Livestock & Dairy Development Department, it was observed that the medicines valuing Rs. 62,643,970 were purchased but declared sub-standard by Drug Testing Laboratory. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	D.G. Livestock & Dairy Development EXT, Cooper Road, Lahore	2017-18	29076	46,796,134
2	Director Livestock Gujranwala Division Gujranwala	2015-18	27115	12,143,116
3	D.G. Livestock & Dairy Development EXT, Cooper Road, Lahore	2017-18	29074	3,704,720
Total				62,643,970

Audit was of the view that non observance to government instructions resulted in purchase of substandard medicine.

The matter was pointed out in August & October 2018. The management at Sr. Nos. 2 noted the observation for compliance and managements at Sr. Nos. 1& 3 did not offer any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter may be looked into and substandard medicine should be replaced in addition to fixing responsibility against the person held responsible.

18.4.10 Advance drawl of funds to avoid lapse-Rs. 55.71 million

As per Rule 17.19 of PFR Vol-I, it is not permissible to draw advance from government treasury to prevent the lapse of appropriations. Moreover, as per Rule 2.10(b)(5) *ibid*, no money is withdrawn from treasury unless it is required for immediate disbursement or has already been paid out of the permanent advance and it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

During audit of Livestock and Dairy Development Department, it was observed that advance drawl amounting to Rs.55,705,978 from government treasury was made to prevent the lapse of appropriations. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
1	Director Livestock Gujranwala Division, Gujranwala	2015-18	27114	Retain in bank account	43,973,000

Sr. No.	Name of formation	Period of audit	PDP No.	Description	Amount (Rs.)
2	University of Veterinary and Animal Sciences, Lahore	2017-18	27232	Purchase of vehicle	10,550,578
3	Suprintendent Live Stock experiment station Jahangirabad, Khanewal	2015-18	30476	Purchase of POL	1,182,400
Total					55,705,978

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

The matter was pointed out in July, August and October 2018. The managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be got regularized from competent authority besides strengthening of internal controls.

18.4.11 Irregular expenditure on POL and repair of vehicles- Rs.34.55 million

According to Sr. No. 3 and 11 of Punjab Delegation of Financial Powers Rules 2016, the sanctioned strength of vehicles/motor cycles/scooters in an Administrative Department/functional unit shall be approved by Finance Department to keep the number of vehicles/motor cycles/scooters in a Department in line with the valid need. Moreover, as per Rule 20(2) of the West Pakistan Government Staff Vehicles Rules 1969, a bond register (history sheet of vehicle) containing about 50 pages

shall be maintained which shall remain in the custody of officer in charge of the vehicle. It shall form a permanent record of the motor vehicle and all the incidents during the life of the particular vehicle shall be entered therein. Furthermore, according to Rule 49 of PFR Vol-II, the petrol, oil, lubricants and spare parts should be maintained separately for each vehicle. Average consumption of petrol, oil and lubricants should be worked out and recorded in the log books at the close of each month. Moreover, according to Government of the Punjab, Services & General Administration Department letter No. MTO (S & GAD) AT-11/2-9/2006 dated 26.12.2008, to minimize the chances of pilferage/mis-appropriation of fuel, the government directed all heads of institutions to get the speedometers of government vehicles sealed from Field (Engineering) Wing of the Agriculture Department.

During audit of Livestock & Dairy Development Department, it was observed that expenditure amounting to Rs. 34,552,225 was incurred on POL and repair & maintenance of transport contrary to the above mentioned rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Irregularity	Amount (Rs.)
1	D.G. (Research), L&DD Punjab, Lahore	2014-17	24604	Irregular expenditure on POL due to sanction strength of vehicles was not got approved from Finance Department and speedometers were not got sealed	1,555,922
2	Director Livestock Lahore Divion, Lahore	2015-17	24736	Replace parts were not taken in dead stock register and History sheet was not available.	1,950,456
3	Director Livestock Lahore Divion, Lahore	2015-17	24739	Improper maintenance of log books	936,478
4	Director (Planning and Evaluation) L&DD Lahore	2013-17	24874	improper maintenance of log books	1,466,494

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of Irregularity	Amount (Rs.)
5	Director (Planning and Evaluation) L&DD Lahore	2013-17	24875	History sheet and satisfactory repair work certificates was not available.	545,895
6	Secretary Livesetock& Dairy Development Lahore	2017-18	26195	Replace parts were not taken in dead stock register ; History sheet and satisfactory repair work certificates was not available.	272,615
7	Director Research Centre for Conservation of Sahiwal Cattle (RCCSC) Jhang	2015-18	27084	Irregular expenditure on repair and POL due to sanction strength of vehicles was not got approved from Finance Department and speedo meters were not got sealed	27,824,365
Total					34,552,225

Audit was of the view that non observance of government instructions resulted in irregular expenditure on POL and repair.

The matter was pointed out in May, July & September, 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should obtain the sanctioned strength of the vehicles and seek regularization of the expenditure from the Finance Department.

18.4.12 Late deposit of sale proceeds of poultry produce –Rs.26.96 million

As per Rule 7(1) of the Treasury Rules, all money received by the government on account of revenue of the province should without undue

delay be paid in full into the treasury and shall be included in the Consolidated Fund or Public Accounts of the province.

During the audit of Live Stock & Dairy Development Department, it was observed that the sale proceeds amounting to Rs. 26,964,732 were not deposited into government treasury regularly within the due time (i.e. very next day of collection of sale proceed) and have been misappropriated/misused. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Retention Period	Amount (Rs.)
1.	Govt. Poultry Farm Bhahwalnagar	2013-18	29273	02 to 03 months	18,446,655
2.	Supertinent Livestock Experiment station, Jhangirabad, Khanewal	2015-18	30474	01 to 02 months	7,614,037
3.	Government Poultry Farm, Attock	2016-18	27943	02 months to 01 year	904,040
Total					26,964,732

The matter was pointed out September to November 2018. The management at Sr. No.3 did not offer any cogent reply, whereas, rest of the managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that irregularity be got condoned from competent authority besides strengthening of internal controls.

18.4.13 Irregular payment to farmers personal accounts instead of registered farm name- Rs. 23.70 million

As per Rule 2.10 (b) (4) of PFR Vol-I, money actually paid is under no circumstances kept out of account a day longer than is absolutely

necessary even if it has been paid without proper sanction. Further amount paid should be kept for further disbursement in official designated account maintained in commercial bank opened with prior approval of finance department.

During audit of The University of Veterinary and Animal Sciences, Lahore for the period 2017-18, it was observed that payment of Rs. 23,700,000 was made to ostrich farmers personal accounts instead of their registered ostrich farm name. It is further stated that there was no proper mechanism for monitoring of farms at the time of payments because on first visit of the team to the ostrich farm, the registration certificate was issued and the payment was made after lapse of several months without ascertaining the number of birds present in the farm.

Audit was of the view that the lapse was occurred due to weak financial controls resulted in irregular payment.

The matter was pointed out in July 2018. The management only acknowledged the observation and offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter be investigated at administrative level besides regularization of the irregularity from competent authority.

(PDP No.27229-University of Veterinary & Animal Sciences, Lahore-2017-18)

18.4.14 Doubtful issuance of fodder-Rs. 3.59 million

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government through negligence on his part.

During audit of Superintendent Livestock Experiment Station Jahangirabad Khanewal for the period 2015-18, it was observed that 449,231 kilogram fodder amounting to Rs. 3,593,848 (449,231 kg x Rs. 8) was supplied to Research Center for Conservation of Sahiwal Chattels (RCCSC). But it was noticed that relevant indents required for issuance of fodder duly approved by the competent authority were not found available to verify the genuineness of issuance of fodder to RCCSC. In the absence of indents, issuance of fodder seems to be doubtful.

The matter was pointed out in October 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be investigated to dig out the actual facts and result thereof be shown to audit besides strengthening of internal controls.

(PDP No.30482 – Superintendent LES Jahangirabad, Khanewal – 2015-18)

**18.4.15 Irregular appointment without advertisement-
Rs. 2.47 million**

According to Government of the Punjab Finance Department Notification No. RO(Tech) FD 2-2/2016 dated 05.09.2016, appointments of work-charged employees shall be made in accordance with the procedure laid down in the Preface of Revised Schedule of Wage Rates 2016 which states that appointment to a post included in this Schedule may be made by the competent authority under Delegation of Financial Power Rules 2006 subject to the conditions that the post(s) shall be advertised properly in the leading newspapers. Moreover, as per Supreme Court of Pakistan

ruling dated 19.01.1993, passed in Human Rights case No.104 (I to IV) 1992 read with Government of the Punjab S&GAD notifications No. SOR-III-2-2/91 dated 05.10.1995 and No.DS(O&M)5-3/2004/Contract (MF) dated 29.12.2004, no recruitment should be made against any post which is not advertised properly.

During audit of Livestock & Dairy Development Department, it was observed that daily wages and contingent paid staff was hired without advertisement. Moreover, verified copy and attendance sheet of concerned in charge was not found attached with the bill. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	D.G. Livestock & Dairy Development EXT, Cooper Road, Lahore	2017-18	29078	1,195,405
2	Superintendent Live Stock experiment station Jahangirabad, Khanewal	2015-18	30497	721,020
3	Director Livestock Lahore Division, Lahore	2015-17	24741	557,568
Total				2,473,993

Audit was of the view that disregard to government instructions resulted in irregular appointments.

The matter was pointed out during May to October 2018. The management at Sr. No.1 did not offer any cogent reply, whereas, rest noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that irregularity be got regularized with the sanction of the competent authority besides strengthening financial and supervisory controls to avoid recurrence of such lapses in future.

**18.4.16 Doubtful payments without inspection of materials received-
Rs. 1.44 million**

According to Rule 15.4 (a) of PFR Vol-I, all materials received should be examined, counted, measured and weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government Servant. The passing and the receiving Government servants should see that the quantities are correct and their quality good, and record a certificate to this effect.

During audit of Livestock & Dairy Development Department, it was observed that payments amounting to Rs. 10,446,901 were made on account of purchase of different materials/goods but inspection reports of materials/goods received were not available on record.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Dy. Director Semen Production Unit Kallorkot, Distt: Bhakkar	2012-18	29150	8,408,556
2	Director Research Centre for Conservation of Sahiwal Cattle (RCCSC) Jhang	2015-18	27087	2,038,345
Total				10,446,901

Audit was of the view that lapse was occurred due to weak supervisory and financial control.

The matter was pointed out in September 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be got regularized from competent authority under intimation to audit besides strengthening of internal controls.

18.4.17 Poor Human Resource Management-Rs. 1.35 million

As per Finance Department, Government of Punjab letter No.FD.SR.IV-8-1/76 (Prov) dated 16th March 1988, shifting of Headquarter of a civil servant can only be allowed for a period not exceeding three months with the prior approval of Finance Department.

During audit of Livestock & Dairy Development Department, it was observed that officers/officials were posted at other stations since long and they were paid pay and allowances from the places of their appointment without obtaining approval of Finance Department. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Director Livestock Gujranwala Division Gujranwala	2015-18	27126	7,282,811
2	Superintendent Live Stock experiment station Jahangirabad, Khanewal	2015-18	30493	5,420,007
3	D.G. Research L&DD	2017-18	29100	1,354,272
4	D.G. (Research), L&DD Punjab, Lahore	2014-17	24603	1,256,196
Total				15,313,286

Audit was of the view that above lapse occurred due to weak financial controls of the management.

The matter was pointed out May, August & October 2018. The managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that responsibility be fixed against the concerned and matter may be regularized from Finance department besides strengthening of supervisory, financial and internal controls.

18.4.18 Irregular deposit of departmental receipt/recoveries and expenditure thereof-Rs.1.14 million

As per Rule 4.1 of PFR Vol-I, it is ordinarily the duty of the Revenue Department concerned, and not of the Audit Department to see that the dues of Government are regularly paid into the treasury. The departmental controlling officers should accordingly see that all sums due to Government are regularly received and checked against demands, and that they are paid into the treasury. They should arrange to receive from their subordinate's accounts and returns claiming credit for so much paid into the treasury and compare them with the figures shown in the returns received from the Accountant-General. If any wrong credits are thus brought to the notice of the controlling officer, he should at once inform the Accountant-General with a view to the correction of the accounts. If any credits are claimed but not found in the accounts, it is usually more convenient to make enquiries first of the departmental officer.

During audit of Director Breed Improvement, Lahore for the period 2016-18, it was observed that expenditure to the extent of Rs.9,486,600 was incurred on purchase of motorcycles from the scheme "Restructuring & Reorganization of breeding services in Punjab Phase-II". The motorcycles were issued to field staff for providing facility of medication and artificial insemination at the door step of common people. The officials were also provided with monthly POL for Rs.2,000 besides an incentive of ownership of motorcycle was also announced for the officials that they can get the ownership of the bike by depositing total value in installments @ Rs.2,000 per month.

It was noticed that the expenditure was incurred out of the allocation of Government scheme, hence, the installments were required to be deposited into government treasury but the department is depositing the amount of monthly installments in Revolving fund account irregularly. Further, expenditure amounting to Rs.1,143,000 was incurred for further purchase of motorcycles out of the revolving fund irregularly. Besides repeated requests the department did not provide any authority under which they were depositing the Government receipts with them and incurring expenditure out of the government receipt (the income statement from the month of 01.08.2018 to 20.03.18). The revolving fund account was also being operated by a single signatory i.e. Director Breed Improvement irregularly.

Audit was of the view that weak financial and internal controls resulted in non-deposit of receipt of the department in government treasury and unauthorized expenditure out of the receipt account thereof.

When pointed out in September 2018, the management replied that the motorcycles were purchased from the revolving funds allocated for the same and allotted to the government officials on hire & purchase basis. Therefore, recovery was deposited into revolving fund instead of government treasury. The reply was not based on facts as the expenditure for Rs.9,486,600 incurred on purchase of motorcycles was made out of the development scheme “Restructuring & Reorganization of Breeding Services in Punjab Phase-II” during the year 2017-18. But the entire amount of installments /government receipt was deposited into revolving fund irregularly and utilized by the department irregularly.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter needs to be investigated at an appropriate level, the entire amount of receipt of the department be deposited into government treasury besides responsibility be fixed and action be taken against unauthorized deposit of government receipt in revolving fund and utilization out of the government receipt,

(PDP No.28980-Director Breed Improvement L&DD, Lahore – 2016-18)

18.4.19 Irregular appointment of Resident Auditor-Rs.952,909

According to Auditor General of Pakistan letter no.609/Esst-C/67-2003 dated 23.05.2017 and Section 8 (i) of Auditor General of Pakistan Ordinance 2001, no any other authority at a provincial level has been established under the constitution of Pakistan, 1973 who may look after the affairs of Government audit except Auditor General of Pakistan.

During audit of University of Veterinary and Animal Sciences, Lahore for the period 2017-18, it was observed that an amount of Rs.952,909 was incurred on account of salary of Resident Auditor during 2017-18. The expenditure was held irregular because the appointment of resident auditor was in contravention of above referred letter that resident auditor must be taken from AGP office instead of local fund audit which is an internal audit wing of provincial Government Punjab.

Audit was of the view that non-observance of government instructions resulted in irregular appointment of Resident Auditor.

When point out the matter in July 2018, the management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be investigated at administrative department level besides regularization of irregularity from competent authority.

(PDP No.27240-University of Veterinary and Animal Sciences, Lahore-2017-18)

Performance

18.4.20 Unjustified expenditure of Rs.3,094.37 million

As per Rule 2.10(a)(1) of PFR-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 the expenditure of his own money.

During audit of University of Veterinary and Animal Sciences, Lahore for the period 2017-18, it was observed that the University had spent an amount of Rs. 3,094,367,834 for imparting education to the students who were enrolled but only 1769 students were got through their examination. The overall average expenditure per student per years came to Rs.1,749,219, which is very high and un-justified. It shows the standard of education provided to the students by the highly qualified teaching staff appointed by the University is not upto the mark. A bird's eye view of students passed with expenditure incurred on them is as under:

S. No	Faculty	Passed
1	Ph.D	33
2	M.Phill	358
3	M.Sc.	198
4	DVM	249
5	Pharm D	81
6	DND	51
7	BS (Hons)	348
8	MBA	17
9	MBF	21
10	BBA(Hons)	35
11	Diplomas	378
Total		1769

Expenditure out of Government sources	Rs.1,587,435,461
Expenditure out of own sources	Rs.1,506,932,373
Total	Rs.3,094,367,834

Alarminglly university administration was spending more time and resources doing the following commercial activity in the name of

generating revenue for the university which cannot be appreciated at any forum and level:

- a) Sale of camel, buffalo and cow milk. This business is showing loss to the university
- b) Sale of beef and mutton on commercial bases but there is no check and balance system.
- c) Distribution of huge amount among the ostrich farmers along with lavish expenditure by the management
- d) Purchase of goats and cows for commercial fattening and sale at the eve of Eid-ul-Azha among the near and dear ones.

The lapse was occurred due to weak administrative control resulted in unjustified expenditure.

In response to the preliminary observation issued in July 2018, the entity responsible officer only acknowledged the observation but offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

The unjustified expenditure against low result may be justified besides taking appropriate measures to enhance low result and discontinue all the commercial activities so that proper attention may be focused on imparting education to the students under report to audit.

(PDP No.27224-University of Veterinary & Animal Sciences, Lahore-2017-18)

Internal control weaknesses

18.4.21 Expenditure charged to irrelevant object head-Rs.177.81 million

As per paragraph 5 of Finance Department letter No. PS/FS/808/78 dated 26.02.1978, the Principal Accounting Officer should issue

instruction to the controlling and Disbursing Officer under him that all payment is correctly classified under the appropriate heads of accounts.

During the audit of Live Stock & Dairy Development Department, it was observed that expenditure amounting to Rs.177,805,477 was charged to wrong heads of accounts resulting into irregular expenditure. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Director (Planning and Evaluation) L&DD Lahore	2013-17	24868	151,518,020
2	Director Breed Improvement, L&DD Lahore	2016-18	28983	19,372,657
3	University of Veterinary and Animal Sciences, Lahore	2017-18	27234	3,764,800
4	Director (Planning and Evaluation) L&DD Lahore	2013-17	24869	3,150,000
Total				177,805,477

Audit was of the view that weak internal controls on “Appropriations” resulted in misclassified expenditure.

The matter was pointed out May, July & September 2018. The managements at Sr. Nos. 1, 3 & 4 noted the observations for compliance, whereas, the management at Sr. No. 2 did not offer any cogent reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends regularization of the expenditure from the Finance Department besides strengthening of internal and supervisory controls.

18.4.22 Lapse of funds due to non-surrendering of savings-Rs.169.68 million

According to Para No. 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Live Stock & Dairy Development Department, it was observed that an amount of Rs.169,682,291 was lapsed due to non-surrendering of savings well in time. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Director Livestock Gujranwala Division Gujranwala	2015-18	27129	66,972,224
2	Superintendent Live Stock experiment station Jahangirabad, Khanewal	2015-18	30500	41,648,726
3	Director Livestock Gujranwala Division Gujranwala	2015-18	27130	20,005,656
4	Director (Planning and Evaluation) L&DD Lahore	2013-17	24877	19,005,735
5	Director Livestock Lahore Division, Lahore	2015-17	24745	16,793,000
6	D.G. (Research), L&DD Punjab, Lahore	2014-17	24605	5,256,950
Total				169,682,291

Audit was of the view that the lapse was due to weak internal controls on “Appropriations”.

The matter was pointed out during February to October 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls on “Appropriations” and seek condonation of irregularity from the Finance Department.

18.4.23 Excess expenditure-Rs.62.32 million

As per Rule 17.15 of PFR Vol-I, no government servant may without previously obtaining an extra appropriation in excess of the amount provided for expenditure under the heads concerned, and when a government servant exceeds the annual appropriation, he may be held responsible for the excess.

During audit of Livestock & Dairy Development Department, it was observed that expenditure of Rs.62,323,721 was made over and above budget allocation. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Dy. Director Semen Production Unit Kallorkot, Distt: Bhakkar	2012-18	29149	24,694,870
2	Director Livestock Farms Punjab Lahore	2016-17	24752	22,658,091
3	Superintendent Live Stock experiment station Jahangirabad, Khanewal	2015-18	30501	6,629,306
4	D.G. (Research), L&DD Punjab, Lahore	2014-17	24606	3,221,312
5	Secretary Livestock& Dairy Development Lahore	2017-18	26196	2,624,956
6	Govt. Poultry Farm Dina, Jhelum	2015-18	27173	1,098,304
7	Director (Planning and Evaluation) L&DD Lahore	2013-17	24878	820,565
8	Director Livestock Lahore Divion, Lahore	2015-17	24746	464,259
9	Director Livestock Farms Punjab Lahore	2016-17	24753	112,058
Total				62,323,721

Audit was of the view that weak internal controls on “Appropriations” resulted in excess expenditure than allocation.

The matter was pointed out in May and July to October 2018. The managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should strengthen its internal controls and seek regularization of the expenditure from the Finance Department.

**18.4.24 Unauthorized expenditure beyond competency-
Rs. 21.84 million**

As per Sr. No.15 of Delegation of Financial Powers (Part II) the Treasurer has full powers to sanction expenditure on wages and rate in excess of usual provided the number of daily paid labourers to be employed shall be approved by the Principal Officer. Moreover, as per Sr. No.10 of Delegation of Financial Powers by the Syndicate to the Officers of UVAS Lahore, the Vice Chancellor has full powers to fix the rate of remuneration/lecture fee of Visiting Teaching Staff appointed on contract basis.

During audit of Livestock & Dairy Development Department, it was observed that payments amounting to Rs. 21,844,416 were made beyond the limit of delegation of power as referred above.

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
1	University of Veterinary and Animal Sciences, Lahore	2017-18	27230	Unauthorized payment to others for service rendered	11,090,487
2	University of Veterinary and Animal Sciences, Lahore	2017-18	27231	Remuneration to regular teachers instead of visiting staff/contract	10,753,929
Total					21,844,416

Audit was of the view that weak financial controls resulted in unauthorized expenditure beyond competency.

The matter was pointed out in July, 2018. The managements only acknowledged the observations, offered no comments.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the matter may be probed at appropriate level to fix responsibility against those at fault besides regularization of the irregularity from competent forum under report to audit.

18.4.25 Irregular expenditure on pending liabilities-Rs. 1.40 million

Rule 17.18 of PFR Vol-I provides that under no circumstances may charges incurred be allowed to stand over to be paid from the grant of another year. If possible, expenditure should be postponed till the preparation of a new budget has given opportunity of making provision and till the sanction of that budget has supplied means; but on no account may charges be actually incurred in one year and thrown on the grant of another year.

During audit of Livestock & Dairy Development Department, it was observed that an amount of Rs. 1,398,104 was paid by the department on account of payment of pending liabilities of previous years from the budget of current financially year in contravention to above mentioned instructions. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Secretary, Livestock & Dairy Development, Lahore	2017-18	26197	729,361

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
2.	Superintendent, Livestock experiment station, Jahangirabad, Khanewal	2015-18	30489	668,743
Total				1,398,104

Audit was of the view that weak supervisory and financial controls resulted in irregular payment of pending liabilities.

The matter was pointed out in July & October 2018, the managements noted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter should be investigated beside responsibility be fixed against concerned and irregularity got regularized with the sanction of competent authority.

Recoveries and overpayments

18.4.26 Non recovery/deposit of outstanding amount-Rs.493.56 million

As per Rule 4.1 of PFR Vol-I, the departmental controlling officers should see that all sums due to government are regularly received and checked against demands, and that they are paid into the Treasury.

During audit of Livestock and Dairy Development Department, it was observed that an amount of Rs.493,564,520 (Annexure-58) was outstanding against different parties, pattadars and officials/ officers.

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

The matter was pointed out to concerned formations in February, May & July to November 2018. The formation at Sr. Nos. 2, 11 & 20 did not offer any cogent reply whereas rest noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should effect recovery of the stated amount and strengthen its internal controls to avoid such lapses in future.

18.4.27 Non/less deduction of taxes-Rs. 80.88 million

As per Section 22 (A) (b), of Schedule-I, of Stamp Act 1899 read with Finance Act 1995(Act-VI of 1995), Government of the Punjab has levied the stamp duty on the contracts entered into for procurement of stores and materials by a contractor with government, Agencies or organizations set up or controlled by the provincial government at the rate of 25 paise for every Rs.100 or part thereof of the amount of the contract. Moreover, According to Income Tax Ordinance 2001, Punjab Sales Tax on Services Act 2012 and Sales Tax Act 1990, the department was required to withhold taxes at prescribed rates at the time of payment.

During audit of Livestock and Dairy Development Department, it was observed that various contracts were made for procurement of motor bikes and liquid nitrogen gas, animals, equipment, medicines but Income Tax, Sales Tax, Punjab Sales Tax and stamp duty were not deducted from employees, suppliers and service providers at prescribed rates (Annexure-59).

Audit was of the view that weak internal controls on “Taxation” resulted in non-deduction of taxes.

The matter was pointed out in February, May 2018 & July to October 2018. The formations at Sr. Nos. 17 to 21 & 10, 12, 19, 20, 21, 22 & 26 did not offer any cogent reply whereas rest noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that the department should effect prompt recovery besides strengthening internal controls on taxation.

Others

18.4.28 Irregular culling of animals without approval of competent authority-Rs. 24.99 million

According to the Secretary, Government of the Punjab, L&DD Department letter No. 1-4/IPO/L&DD/2004/PC(B&E) dated 22.02.2004, animals should be culled strictly in accordance with the Delegation of Financial Power Rules keeping in view the utility and sanctioned strength of the animals at the farm. Further, the exercise of these powers shall be subject to prior approval of the Secretary, L&DD Department Punjab.

During audit of Superintendent Livestock Experiment Station Jahangirabad Khanewal for the period 2015-18, it was observed that animal amounting to Rs. 24,987,100 were culled by the management of farm but in contravention to above approval of the Secretary L&DD Department Punjab was not sought.

The details are as under:

Sr. No.	Year	Date of culling	No. of animal	Amount (Rs.)
1	2015-16	08.09.2015	58	2,760,000
2	2015-16	23.11.2015	36	851,500
3	2015-16	22.12.2015	76	3,426,500
4	2015-16	29.12.2015	2	100,000
5	2015-16	07.06.2016	31	1,338,100
6	2016-17	30.08.2016	30	1,189,000
7	2016-17	22.11.2016	13	237,000
8	2016-17	24.12.2016	46	2,092,000
9	2016-17	16.02.2017	10	530,000
10	2016-17	25.04.2017	66	3,993,000
11	2017-18	08.08.2017	35	2,163,500
12	2017-18	14.11.2017	54	4,314,500
13	2017-18	19.06.2018	28	1,992,000
Total				24,987,100

Audit was of the view that non observance of Delegation of Financial Power Rules resulted in irregular culling of animals.

The matter was pointed out in October 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be got regularized from competent authority besides strengthening of internal controls.

(PDP No. 30485- Superintendent, LES, Jhangirabad Khanewal-2015-18)

18.4.29 Non achievement of targets-Rs. 11.80 million

Rule 4.7(1) of PFR Vol-I provides that it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are

correctly and promptly assted, realized and credited to Government account.

During audit of Livestock and Dairy Development Department.it was observed that receipts targets amounting to Rs. 11,802,239 were not achieved. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Suprintendent Live Stock experiment station Jahangirabad, Khanewal	2015-18	30496	10,397,475
2	Govt. Poultry Farm Bhahwalnagar	2013-18	29272	1,404,764
Total				11,802,239

The matter was pointed out in October & November 2018. The managementsnoted the observations.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December, 2018.

Audit recommends that matter be got regularized from competent authority besides strengthening of internal controls.

18.4.30 Non auction of crops-Rs.1.80 million

As per Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assted, realized and credited to Government account.

During audit of Superintendent Livestock Experiment Station Jahangirabad Khanewal for the period 2015-18, it was observed that following items/crops were not auctioned up till now.

Item	Quantity (KG)	Rate per KG	Amount involve (Rs.)
Wheat	39,802	32.50	1,293,565
Poats	10,110	50.00	505,500
Total			1,799,065

Audit was of the view that weak internal controls resulted in non acution of crops.

The matter was pointed out in October 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be got regularized from competent authority besides strengthening of internal controls.

(PDP No. 30499- Superintendent, LES, Jhangirabad Khanewal-2015-18)

CHAPTER 19

MINES AND MINERALS DEPARTMENT

19.1 Introduction

This is an organization for promotion of mineral resources in Punjab Province. It was functioning as the Directorate of Industries & Mineral Development Department since 1964. The independent Department of Mines & Minerals was created in 2002 in pursuance of implementation of National Mineral Policy. It is pertinent to mention that National Mineral Policy 1995 acts as a guideline for formulating the present policies of the department. The mission of the Mines & Minerals Department, Government of the Punjab is development of mineral resources, to enhance the exploration, exploitation of mines and mineral resources in a safe and environmental friendly manner to support more productive economic activity in Pakistan.

The main objectives and functions of the department are:

- Geological Surveys
- Development of mineral resources and regulations of mines.
- Collection of rents, royalties and fees from the concessionaires.
- Administration of Mineral Rules.
- Grant and transfer of Prospecting Licenses and Mining Leases.
- Service matters except those entrusted to S&GAD.
- Purchase of stores and capital goods for department.
- Welfare of mine workers.

19.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Mines & Minerals indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	0	71.244	71.244	68.573	(2.670)
PC21022	391.644	75.224	466.868	420.831	(46.036)
PC21036	1,309.672	(646.071)	663.601	656.870	(6.730)
Total	1,701.316	(499.603)	1,201.713	1,146.275	(55.437)

Overview of Expenditure

The final budget of Mines & Minerals for the year ended 30 June, 2018 was Rs. 1,201.713 million. Out of this, actual expenditure was Rs. 1,146.275 million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	391,644,000	489,404,933	97,760,933	24.96
Development	1,309,672,000	656,870,633	(652,801,367)	49.84
Total	1,701,316,000	1,146,275,566	(555,040,434)	32.62

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	538,112,000	489,404,933	(48,707,067)	9.05
Development	663,601,000	656,870,633	(6,730,367)	1.01
Total	1,201,713,000	1,146,275,566	(55,437,434)	4.61

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (55.437)million at the close of the year 2017-18 under grants PC21010, PC21022 & PC22036 were not surrendered in time by the Department.

19.3 Brief comments on the status of compliance with PAC Directives

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1985-86	01	01	0	100
2	1986-87	03	03	0	100
3	1987-88	11	03	08	27
4	1988-89	03	0	03	0
5	1989-90	04	0	04	0
6	1993-94	04	02	02	50
7	1996-97	12	01	11	1
8	1997-98	10	0	10	0
9	2013-14	11	4	7	4
Total		59	14	45	24

The compliance with PAC directives in Mines and Minerals Department needs improvement.

19.4 AUDIT PARAS

Non-production of record

19.4.1 Non production of log books

As provided in section 14 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance 2001, the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules. Moreover, Punjab Finance Department letter No. FD (M1) III-2/87(P-III), dated 22nd February, 1994 provides that DDO himself will be responsible for production of record to the audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the Administrative Secretary personally apart from submitting a report to the Chief Minister/ Chief Secretary.

During audit of Director General Mines & Minerals for the period 2013-17, it was observed that POL was purchased for official vehicles but log books of following vehicles were not produced to Audit despite verbal/written requests:

Vehicle No.	LEG-1219, LWQ-5777, LZW-598, LEG-2627, LZD-1129, LZD-1095, LWQ-932, LZD-1139, LZB-154
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Audit was of the view that due to non-production of record, the veracity of the accounts could not be verified.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired at appropriate level to fix responsibility and relevant record be produced to Audit for scrutiny.

(PDP No. 23657- DG Mines & Mineral, Lahore -2013-17)

Irregularities & non-compliance

19.4.2 Irregular expenditure on purchase of ambulances- Rs. 8.19 million

According to Clause (vi) of agreement, the property rights of the ambulance shall vest with the firms so long as the mining lease continues in their names. On the earlier termination or the expiry of the terms of lease, the ambulance shall stand transferred to and vest in the name of Miners Welfare Board.

During audit of Mines Labour Welfare Commissioner Punjab Lahore for the period 2011-17, it was observed that an amount of Rs. 8,191,360 was drawn for purchase of two Toyota Hilux Vans required to be used as Ambulances. Expenditure was held irregular due to the following reasons:

- As per Sr. No. 3 of SNEs issued by the Finance Department vide U.O.No. SO(IMCT)M & M/8-108/2013(P-1) dated 21.03.2014, the funds were released for provision of two ambulances (Toyota Hilux Vans with Canopy) one for M/s Hayat ul Mir Mines and the other for M/s Katha Digwell Mines. Instead of providing ambulances, the management issued two cheques in favour of M/s Hayat ul Mir Mines and M/s Katha Digwell Mines for purchase of vehicles and their fabrications at their own.

- In bills/invoices, only latest model was mentioned and detailed description of purchased vehicles with exact model, engine number and chassis number of vehicles was not mentioned.
- Neither the registration books were available in the office nor any fee for registration of these vehicles was charged which lead to the conclusion that the vehicles were got registered in the names of M/s Hayat ul Mir Mines and M/s Katha Digwell Mines instead of the Department.
- Rs. 2,349,360 (including GST) was shown incurred for fabrication of two vehicles. The process was initiated and completed without advertisement on website of the authority. This showed that expenditure was made without observing economy and efficiency factors in violation of Rules 4 & 12(1) of Punjab Procurement Rules 2014.
- Rs. 2,008,000 (excluding GST) was charged for fabrication of two vehicles but income tax @ 10 % as required under Section 153(1)(b) of the Income Tax ordinance was not deducted causing loss of Rs. 200,800 to the Government.

The matter was pointed out in March 2017. The management replied that the grant was made to mining firms on purchase of two vehicles duly converted into ambulances. According to condition No.(i) of agreement dated 12.5.15 executed between mining firm & department, this office had to reimburse the expenditure incurred by the firms as per approval of Miners Welfare Board. The mining firms had purchased vehicles & converted into ambulances at their own and provided accounts of expenditure in pursuance of clause (ix) of agreement dated 12.5.15. Both ambulances are being transferred back in the name of Mines Labour Welfare Commissioner.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be looked into, amount be recovered and deposited into Government account besides regularization of irregularity from the competent authority.

(PDP No. 25500-Mines Labour Welfare Commissioner Punjab Lahore -2011-17)

19.4.3 Irregular expenditure on purchase of medicine- Rs 5.36 million

According to Para 4.2.9.2 of the Accounting Policies and Procedures Manual (A.P.P.M), all expenditures must be classified in accordance with the Chart of Account, under the appropriate expenditure head.

During audit of Mines Labour Welfare Commissioner Punjab, Lahore for the period 2011-17, it was observed that an amount of Rs.5,359,282 was drawn for purchase of medicines. Expenditure was held irregular due to the following reasons:

- Expenditure for purchase of medicine was charged from Head A0-3942-Cost of other store instead of Head A0-3927-Purchase of Drugs and Medicine.
- Neither the batch numbers of medicine purchased were found recorded on the bills/invoices nor the medicine got tested from Punjab Drug Testing Laboratory.
- Stock entries were also not recorded on the bills / invoices.

Audit was of the view that weak internal controls resulted in irregular expenditure on purchase of medicine.

The matter was pointed out in March 2017. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned with the sanction of the competent authority.

(PDP No. 25501-Mines Labour Welfare Commissioner Punjab Lahore -2011-17)

19.4.4 Irregular expenditure on advertisement and publicity-Rs.1.82 million

As per Rule 2.10(a)(i) of PFR 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 the expenditure of his own money.

During audit of Director General Mines & Minerals, Punjab Lahore for the period 2013-17, it was noticed that an amount of Rs.1,821,371 was excess paid to DGPR under head A03907- Advertisement and Publicity as the organization ordered for release of advertisement in less number of newspaper whereas the DGPR released the said advertisement in more than the required number of newspapers. The details are as under:

Sr. No.	Year	Amount (Rs.)
1	2013-14	451,351
2	2014-15	390,153
3	2015-16	402,973
4	2016-17	576,894
Total		1,821,371

Audit was of the view that the lapse occurred due to weak financial control.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that stated amount be recovered from the concerned and deposited into government treasury.

(PDP No.23658-DG Mines & Minerals, Lahore-2013-17)

19.4.5 Unauthorized/irregular advance-Rs.850,000

According to Rules 17.19 and 2.10(b)(5) of PFR Vol-I, it is not permissible to draw advances from the treasury just to prevent the lapse of appropriations. Accordingly, same vigilance should be exercised in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money / pocket. Moreover, as per rule 2.33 ibid, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Director General of Mines & Minerals for the period 2013-17, it was observed that an amount of Rs. 850,000 was drawn from treasury for advance payment to Engineering Academy without prior approval/sanction of Finance Department.

Audit was of the view that non adherence to government rules resulted in irregular advance payment.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be investigated at an appropriate level to fix responsibility besides condonation of irregularity from the Finance Department.

(PDP No. 23661- DG Mines & Mineral, Lahore -2013-17)

19.4.6 Irregular/un-authorized deployment of vehicle and un-authorized expenditure on POL-Rs. 294,000

According to Rule 2.10(a) (1) of PFR Vol-I, same vigilance should be exercised in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of its own money.

During audit of Director General of Mines & Minerals for the period 2013-17, it was observed that one vehicle No. LZB-154 was under un-authorized use of Law Officer (BPS-17) with POL facility to the officer of Secretary Mines & Minerals, Lahore which is an independent office having its own vehicles and budget allocation. No record of allotment was found on record. It was verbally stated that the said vehicle was under use of Law Officer since last two years. As per POL vouchers, 175 Litres per month was being used by the said officer. POL amounting to Rs.294,000 (24 months*ceiling175*rate. Rs.70 Average) was used out of the budget of DG Mines & Minerals Punjab, Lahore.

Audit was of the view that irregular/un-authorized deployment of vehicle resulted in un-authorized expenditure on POL.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the vehicle be withdrawn immediately besides recovery of POL from the concerned.

(PDP No. 23663- DG Mines & Mineral, Lahore -2013-17)

Internal control weaknesses

19.4.7 Lapse of funds due to non-surrendering of savings-Rs.91.28 million

According to Para No. 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Mines & Minerals Department, it was observed that an amount of Rs. 91,281,961 was lapsed due to non-surrounding of savings well in time. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	D.G. Mines & Mineral, Lahore	2013-17	23664	69,771,415
2	Mines Labour Welfare Commissioner Punjab, Lahore	2011-17	25505	21,510,546
Total				91,281,961

Audit was of the view that the lapse was due to lack of supervisory and financial controls.

The matter was pointed out in March 2017. The managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned with the sanction of the competent authority.

19.4.8 Excess expenditure-Rs.4.67 million

As per Rule 17.15 of the PFR Vol-I, no Government servant may, without previously obtain an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the heads concerned, and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Mines & Minerals Department, it was observed that expenditure of Rs.4,665,038 was made over and above budget allocation. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Mines Labour Welfare Commissioner Punjab, Lahore	2011-17	25506	2,443,446
2.	D.G. Mines & Mineral, Lahore	2013-17	23660	2,221,592
Total				4,665,038

Audit was of the view that the lapse was due to weak internal controls on appropriations.

The matter was pointed out in March 2017. The managements noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the expenditure be got regularized from competent authority.

19.4.9 Non-submission of vouched account with supporting vouchers/documents to Accountant General Punjab-Rs. 4.39 million

The Finance Department, Government of the Punjab granted permissions for advance withdrawals of funds for purchases of vehicles subject to the condition that vouched account with supporting vouchers/documents to be furnished to the Accountant General Punjab within one month of the withdrawal of advances for adjustments in the books of account.

During audit of Mines Labour Welfare Commissioner, Punjab, Lahore for the period 2011-17, it was observed that Rs.4,387,200 was drawn in advance for purchase of vehicles but vouched account with supporting vouchers/documents for adjustment of advances was not submitted to AG Punjab Lahore despite lapse of considerable time. The details are as under:

Cheque No and Date	Description of expenditure	Amount (Rs.)
2179962 dated 07.06.13	Purchase of 04 Suzuki Mehrans	2,608,000
2179963 dated 07.06.13	Purchase of 01 Single Cabin Toyota Hilux	1,779,200
Total		4,387,200

Audit was of the view that disregard to government instructions resulted in non-submission of vouched account to AG Punjab.

The matter was pointed out in March 2017. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that vouched account be submitted to AG Punjab Lahore for adjustment of advances besides condonation of irregularity from the competent authority.

(PDP No. 25503-Mines Labour Welfare Commissioner Punjab Lahore -2011-17)

19.4.10 Non forfeiture of bank guarantee –Rs.3.00 million

As per clause (iii) for grant of mining lease for limestone for a period of 30 years to M/s Asian Precious Minerals Limited vide letter dated 13.03.2014 provides that M/s Asian Precious Minerals will provide all the documents to DG Mines & Minerals as required under Rule 47 of the Punjab Mining Concession Rules 2002 within six months of the issuance of this allotment letter.

During audit of Director General of Mines & Minerals for the period 2013-17, it was observed that DG Mines had granted mining licence to M/s Precious Minerals Limited for mining lease for limestone for a period of thirty years subject to fulfillment of terms and conditions. M/s Precious Minerals failed to produce the required documents within stipulated period. Later, DG Mines cancelled the mining agreement but status of bank guarantee worth Rs. 3 million either released or forfeited was not found on record. As per agreement, the bank guarantee was required to be forfeited on non-fulfillment of legal obligations/documents.

When pointed out the matter, the management did not furnish any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the

finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be inquired to know the status of bank guarantee and in case of non forfeiture of bank guarantee responsibility be fixed against the responsible.

(PDP No. 23655- DG Mines & Minerals, Lahore -2013-17)

19.4.11 Irregular/un-authorized consumption of POL over and above prescribed limit-Rs.750,260

According to Government of the Punjab, S&GAD Notification No. MTO(S&GAD)AT-II dated 22.09.1999, in case of patrolling/operational & other vehicles, department will adhere to the prescribed ceiling of POL i.e. 200 liters for Secretaries, 175 litres for Additional Secretaries & 150 liters for Deputy Secretaries respectively.

During audit of Director General of Mines & Minerals for the period 2013-17, it was observed that POL was drawn over and above the prescribed limit fixed by the Government. Resultantly, loss amounting to Rs. 750,260 was sustained to the public exchequer.

When pointed out the matter, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that stated amount be recovered from the concerned and deposited into government treasury.

(PDP No. 23665- DG Mines & Mineral, Lahore -2013-17)

Recoveries and overpayments

19.4.12 Non recovery of government dues-Rs.215.76 million

Rule 68(2) of the Punjab Mining Concession Rules 2002 provides that where any person has failed to pay an amount of royalty as required by sub rule(1) mark up calculated at the rate of one percent per day on the amount or any part thereof from time to time remaining unpaid, shall be payable from the due date of payment until all outstanding amount is paid. Moreover, Rule 186ibid provides that on the surrender/expiry or determination of a license or the lease, as the case may be, shall be responsible for payment of all outstanding dues and other charges which, in the event of non-payment, shall be recoverable as arrears of land revenue. Furthermore, Rule 141(1&2) ibid provides that a licensee or a lessee shall, on the first day of month of January and July each year, pay royalty at each rate or in any manner as prescribed by the Government from time to time on all minerals produced and carried away. In case of non payment of rent and royalty dues within the grace period of two months, a penalty at the rate of one percent of the outstanding dues for the delay of every month or part thereof shall be charged from the date the payment became due.

During audit of Director General of Mines & Minerals for the period 2013-17,it was observed that Government dues amounting to Rs. 215,764,582 on account of 1% penalty charges, annual rent and royalty charges etc. were outstanding. The details are as under:

Sr. No.	PDP No.	Description	Amount (Rs.)
1	23653	Non recovery of 1% penalty charges against the lessee of large scale mining	211,756,068
2	23656	Non recovery of pending dues against arrears of land revenue	2,535,000
3	23654	Non recovery of annual rent and royalty charges from the dandot cement factory	1,473,514
Total			215,764,582

Audit was of the view that non observance of rules/government instructions and weak internal controls on recoveries resulted in non recovery of pending government dues.

When pointed out the matter, the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to take immediate steps for recovery of pending government dues besides strengthening of internal controls on recoveries.

19.4.13 Non/less recovery of excise duty on minerals from contractors-Rs.7.36 million

According to Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited to Government account.

During audit of Mines Labour Welfare Commissioner Punjab Lahore for the period 2011-17, it was observed that excise duty on minerals in three cases was either not recovered or less recovered from the contractors. This resulted into loss of Rs.7,364,792 to Government.

The matter was pointed out in March 2017. The management replied that the matter had been referred to the Additional Deputy Commissioner Revenue of concerned district for recovery of unpaid excise duty as arrears under land revenue rules.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that stated amount be recovered from the concerned and deposited into Government Account.

(PDP No. 25499-Mines Labour Welfare Commissioner Punjab Lahore -2011-17)

Others

19.4.14 Non-transparent expenditure on rent of office building- Rs 3.43 million

As per Sr. No. 5 of the Punjab Delegation of Financial Powers Rules, the expenditure on rent of non-residential buildings is subject to the condition that the rent does not exceed the tax assessed by the Excise, Taxation and Narcotics Control Department for the purpose of urban immovable property tax. In case the rent exceeds from the rent assessed by the Excise, Taxation and Narcotics Control Department, the Administrative Department shall give rent reasonability certificate and the rent is made on the basis of property tax.

During audit of Mines Labour Welfare Commissioner Punjab Lahore for the period 2011-17, it was observed that Rs. 3,425,000 was drawn for payment of rent of office building (35-A, GOR-11, Bahawalpur House). The authenticity of expenditure could not be ensured because the rent assessment certificate on PT-1 by the Excise and Taxation Department and non-availability certificate from C&W Department etc. as required under above Rule was not shown to audit.

Audit was of the view that non adherence to Punjab Delegation of Financial Powers Rules resulted in non-transparent expenditure.

The matter was pointed out in March 2017. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the irregularity be got condoned with the sanction of the competent authority besides strengthening of supervisory and financial controls to avoid recurrence of such lapse in future.

(PDP No. 25502-Mines Labour Welfare Commissioner Punjab Lahore -2011-17)

CHAPTER 20

PLANNING AND DEVELOPMENT DEPARTMENT

20.1 Introduction

The Planning and Development Department of the Government of Punjab is entrusted with planning, processing and approval of the development plan of the various Provincial Government Departments, keeping in view economy, efficiency and effectiveness in the utilization of resources available. It is headed by Chairman Planning and Development Board. The field offices of Planning and Development Department have been established at Divisional/District level in order to coordinate with the field functionaries of the administrative departments engaged in development activities throughout the Province.

The main objectives of the department are as follows:

- Assessment of the material and human resources of the province.
- Formulation of long and short term plans.
- Recommendations concerning prevailing economic conditions, economic policies or measures.
- Examination of such economic problems as may be referred to it for advice.
- Coordination of all economic activities in the provincial government.

20.2 *Comments on Budget & Accounts (Variance Analysis)*

Introduction

The Appropriation Accounts for the year 2017-18 of Planning & Development Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of four grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	433.272	26.348	459.620	451.254	(8.366)
PC21023	191.106	99.860	290.966	245.407	(45.558)
PC21031	86.241	(4.723)	81.518	71.883	(9.634)
PC22036	90,029.922	(75,901.984)	14,127.938	11,610.464	(2,517.474)
Total	90,740.541	(75,780.499)	14,960.042	12,379.009	(2,581.033)

Overview of Expenditure

The final budget of Planning & Development Department for the year ended 30 June, 2018 was Rs. 14,960.042 million. Out of this, actual expenditure was Rs. 12,379.009 million.

The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	710,619,000	768,545,245	57,926,245	8.151519309
Development	90,029,922,000	11,610,464,043	(78,419,457,957)	87.10
Total	90,740,541,000	12,379,009,288	(78,361,531,712)	86.36

During the year, due to supplementary grants and surrenders, this composition changed. Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	832,104,000	768,545,245	(63,558,755)	7.64
Development	14,127,938,000	11,610,464,043	(2,517,473,957)	17.82
Total	14,960,042,000	12,379,009,288	(2,581,032,712)	17.25

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (2,581.033) million at the close of the year 2017-18 under grants PC21010, PC21023, PC21031 & PC22036 were not surrendered in time by the Department.

20.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1.	1984-85	4	4	0	100
2.	1985-86	2	0	2	0
3.	1988-89	2	1	1	50
4.	1999-00	9	3	6	33
5.	2001-02	9	3	6	33
6.	2002-03	0	0	0	0
7.	2003-04	0	0	0	0
8.	2004-05	0	0	0	0
9.	2005-06	0	0	0	0
10.	2006-07	0	0	0	0
11.	2007-08	0	0	0	0
12.	2008-09	7	7	0	100
13.	2000-10	0	0	0	0
14.	2010-11	0	0	0	0
15.	2011-12	0	0	0	0
16.	2012-13	0	0	0	0
17.	2014-15	17	0	0	0
Total		50	18	15	36

Except for the years 1984-85 and 2008-09, the compliance status of PAC directives in Planning and Development Department is not satisfactory. The situation needs to be improved.

20.4 AUDIT PARAS

Non production of record

20.4.1 Non Production of record

According to Section 14 (2) and (3) of Auditor General of Pakistan (Powers of Auditor-General in connection with audit of accounts) Ordinance 2001, the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During audit of various formations of P&D Department, it was noticed that managements of the following formations did not produce the record for audit scrutiny despite repeated requests. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of record
1.	Punjab social protection authority Lahore	2014-17	24080	Vouched account
2.	Punjab social protection authority Lahore	2014-17	24098	Record related to disbursement of amount to beneficiaries of program (Kidmat Card)
3.	Bureau of Statistics Punjab Field office D.G.Khan	2012-18	30385	Payroll
4.	Secretary P&D Lahore	2017-18	26273	Record related to bank accounts and development schemes

Audit was of the view that due to non-production of record, the authenticity of the accounts could not be verified.

The matter was pointed out from February to September 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 29.05.2018, the para at Sr. No. 1 was kept pending for verification of vouchers by the treasury office. The para at Sr. No. 2 was kept pending for regular audit. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends production of record for audit scrutiny besides fixing responsibility for non-production of record.

20.4.2 *Drawal of pay & allowances through off-cycle and arrears-Rs.20.11 million*

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. Further, as per rule 2.33 ibid, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part. Section 14(b) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that audit can require any accounts, books, papers and other documents which deal with, or form, the basis of or otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may direct for his inspection.

During audit of Secretary Planning & Development, Lahore for the period 2017-18, it was observed that an amount of Rs.20,105,756

(Rs.1,680,796 as off-cycle payments and Rs.18,424,960 as arrears of pay & allowances) were drawn and paid. It is pertinent to mention here that the Accountant General runs off-cycle payroll for those employees who could not be included in regular payroll. The manual pay slips of the gazzeted employees/service books of non-gazetted employees along with due drawn statements and reasons for drawal of pay & allowance through off-cycle/ arrears instead of regular payroll may be produce to Audit.

Audit was of the view that due to non-production of record, the authenticity of the accounts could not be verified.

Audit pointed out the irregularity in July 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

(PDP No26270- Secretary P&D- 2017-18)

Irregularities & non-compliance

20.4.3 Doubtful payments due to absence of monitoring/ verification mechanism-Rs. 6,401.80 million

According to Rule 2.10 (a) of PFR 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 the expenditure of his own money. Moreover, according to Rule 2.32 (a) of PFR Vol-I, it is not sufficient that a Government servant accounts should be correct to his own satisfaction. He has to satisfy not only himself but

also the Accountant-General that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an amount is correct in all respects.

During audit of Punjab Social Protection Authority, Lahore for the period 2017-18, it was observed that payments of Rs.6,401,804,172 were made to beneficiaries (Khidmat card holders) during the period under audit, but there was no mechanism to monitor and verify the genuineness of payment and life of beneficiaries due to which possibility of bogus payments could not be ruled out.

In the absence of monitoring & evaluation report against payments so made were therefore held doubtful.

The matter was pointed out in July 2018. The management stated that detailed reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends establishing monitoring/verification mechanism at field level to monitor and verify the genuineness of beneficiaries/payments.

(PDP No. 25189- Punjab Social Protection Authority Lahore- 2014-17)

20.4.4 Irregular direct transfer of funds into commercial bank accounts-Rs. 6,196.58 million

According to Rule 17.2 of PFR Vol-I, sanction to the expenditure of money becomes operative only when funds have been appropriated to meet such expenditure and does not become operative until they have been so appropriated.

During audit of Punjab Social Protection Authority, Lahore for the period 2017-18, it was observed that instead of releasing funds into SDA, amount of Rs. 6,196,579,000 was transferred in commercial bank (Bank of Punjab, Civil Secretariat Branch, Lahore) account of Punjab Social Protection Authority. The transfer of funds into commercial bank accounts without purpose was held irregular. The details are as under:

Sr. No.	Authority No.	Date	Account No.	Amount (Rs.)
1	FD(W & M) 7-466/2014/06	24.10.2017	CPA005056000-1	621,579,000
2	FD(W & M) 7-466/2018/25	13.03.2018	658004700480001	4,875,000,000
3	N/A	25.04.2018	658004700480001	700,000,000
Total				6,196,579,000

Audit was of the view that due to weak supervisory and financial controls resulted in direct transfer of funds in commercial bank.

The matter was pointed out in July 2018. The management stated that the reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of the matter besides transfer of funds through SDA in future.

(PDP No. 25190- Punjab Social Protection Authority Lahore- 2014-17)

20.4.5 Irregular expenditure in violation of Punjab Procurement Rules-Rs.290.84 million

As per Rule 8 & 9 of PPRA Rules 2014, a procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within

its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future. A procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The procuring agency shall advertise in advance annual requirements for procurement on the website of the Authority as well as on its website. Further, Rule 12 of PPR 2014 provides that a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations

During audit of various formations of Planning & Development Department, it was observed that an expenditure of Rs.290,843,050 (Annexure-60) was incurred on purchase of different items without fulfilling stipulated requirements for a transparent procurement process.

Audit was of the view that disregard to Punjab Procurement Rules resulted in mis-procurement.

The matter was pointed out during Feb to October 2018. The managements at Sr. Nos. 1 & 3 replied that all the codal formalities were fulfilled. The reply was not tenable because record was not provided. The managements at Sr. Nos. 2, 4, 5, 7 to 10, 13 to 16 & 19 noted the observations for compliance. The managements at Sr. Nos. 6, 11, 18 & 20 stated that detailed reply would be submitted later. The management at Sr. No. 12 did not offer any reply. The management at Sr. No. 17 replied that purchase was made in lots and overall price was less. The reply was not tenable because items were different.

The matter was further reported to the administrative department. In DAC meeting held on 29.05.2018, the para at Sr. No. 16 was kept pending for regularization from PSPA Board. Further progress was not

reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should adhere to the Punjab Procurement Rules and seek regularization of the expenditure.

20.4.6 Irregular continuation of services-Rs.27.25 million

As per terms and conditions of the appointment of Deputy Director (BS-18) on contract basis, the contract shall be for a period of one year or till the completion of the scheme.

During audit of the office of the Director General Bureau of Statistics, Punjab, Lahore for the period 2014-17, it was observed that the project/scheme titled “Re-structuring, Revamping and Strengthening of Punjab Bureau of Statistics” was completed on 09.04.2012. The services of the gazetted staff were continued despite the completion of project.

The matter was pointed out in March 2018. The management reported that case is under trial in the Honourable Court. The reply is not tenable. The matter may be proceeded vigorously to settle the issue in addition to condone there irregularity.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to probe the matter for irregular retention of officer after expiry of project life and the irregularity may be condoned with the sanction of the Finance Department.

(PDP No. 25460-Director General Bureau of Statistics Lahore- 2014-17)

20.4.7 Irregular/unauthorized payment of pay & allowances- Rs.13.78 million

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. Further, as per rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Secretary Planning & Development, Lahore for the period 2017-18, scrutiny of payroll revealed some irregularities in pay and allowances. The details are as under:

Sr.No.	Irregularity	Amount (Rs.)
1.	Payment of Pay & Allowances against "Unknown" designations from cost centers LO-4194 & LZ-4479.	8,865,199
2.	Payment of salaries from cost center LO-1494 to the employees whose data entered in SAP R3 System shows old NIC numbers instead of new 13 digits CNIC No.	4,764,725
Total		13,629,924

It is pertinent to mention here that miscellaneous recoveries amounting to Rs. 150,251 were also outstanding.

Audit was of the view that weak internal controls on "Payments" resulted in irregular/unauthorized payment of pay and allowances.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that recovery be made from concerned persons besides responsibility be fixed against the concerned for non adherence of prescribed Government instructions and compliance of the same be made and strengthening the supervisory, financial and internal controls.

(PDP Nos.26256 & 26257- Secretary P&D- 2017-18)

20.4.8 Employees drawing pay & allowances more than Rs.300,000 per month-Rs.7.91 million

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations. Further, as per Rule 2.33 ibid, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Secretary Planning & Development, Lahore for the period 2017-18, it was observed that an amount of Rs.7,906,451 had been drawn by three employees as Pay & Allowance which is more than Rs.300,000 per month under cost center LZ-4479 which should be justified. The Supreme Court of Pakistan has already taken up the matter of high drawn Pay & Allowances of employees and it is also under investigation in NAB. The department should look into the matter in the light of direction of Supreme Court of Pakistan. The details are as under:

Name of employee	Designation	Monthly Salary (Rs.)	Total Gross pay & Allowance (Rs.)
Muhammad Rehan Yousaf	Socialist	400,000	2,012,903
Zahir Shah	Advisor	700,000	4,629,032
Maryam Mustafa	Legal Advisor	440,000	1,264,516
Total			7,906,451

Audit was of the view that the lapse was occurred due to weak supervisory, management and internal controls.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into in the light of directions of Supreme Court of Pakistan and its outcomes be shown to Audit besides strengthening of supervisory, financial and internal controls.

(PDP No.26266-Secretary P&D Lahore- 2017-18)

20.4.9 Loss on unnecessary hiring of building-Rs. 6.00 million

According to Rule 2.10 (a) of PFR 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 the expenditure of his own money.

During audit of Punjab Social Protection Authority, Lahore for the period 2017-18, it was observed that contract for hiring of existing building Ilyas Road, Muslim Town, Lahore was valid upto 19.10.2018 but a new building in Garden Town, Lahore was hired at the rate of Rs.1,000,000 per month w.e.f. 01.04.2018 six months before expiry of existing contract. It was further observed from visit of new building that repair & maintenance/renovation of new building was going on and the office of the authority was still functioning in the existing building at Muslim Town which clearly shows that there was no immediate requirement for hiring of new building. In this way, government had sustained loss in shape of un-necessary expenditure on six month rent amounting to Rs. 6,000,000.

Audit was of the view that disregard to “Canons of Financial Propriety” resulted in wasteful expenditure of Rs. 6,000,000 without any requirement.

The matter was pointed out in July 2018. The management replied that matter will be justified in detail but no such justification was received.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and recovery of the amount from the amount or regularization thereof from the competent authority.

(PDP No. 25192- Punjab Social Protection Authority Lahore- 2017-18)

20.4.10 Un-authorized mode of payments-Rs. 1.01 million

As per Rule 4.49(a) of Punjab STR read with Finance Department letter No. F.D (FRV-6/75(P) dated 20.06.2007, payments in cash to contractors/suppliers exceeding Rs. 100,000 are strictly prohibited. All payments exceeding RS.100,000 should be made to contractors/suppliers through Bank Pay Order. Moreover, as per Government of the Punjab Finance Department letter No. SO.(TT)2-2/72-Pt-I dated 19.07.2008, monthly salary of all Government employees may strictly be disbursed through their bank accounts alone, failing which the salary of defaulting employees may be stopped.

During audit of various formations of Planning & Development Department, the management made payments to the employees through manual bills. Moreover, the payments exceeding Rs. 100,000 were made in cash.

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Punjab Social Protection Authority	2014-17	25468	606,370
2.	Bureau of Statistics Punjab, Field office, Faisalabad	2014-18	29796	400,000
Total				1,006,370

Audit was of the view that weak internal controls on “Payments” and disregard to the government instructions resulted in irregularity in payments.

When pointed out the irregularity in February and March 2018, the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek condonation of irregularity from the Finance Department.

20.4.11 Irregular expenditure on POL and repair of transport-Rs.3.43 million

According to Sr. No. 3 and 11 of Punjab Delegation of Financial Powers Rules 2016, the sanctioned strength of vehicles/motor-cycles/scooters in an administrative department/functional unit shall be approved by Finance Department to keep the number of vehicles/motor cycles/scooters in a Department in line with the valid need. Moreover, as per Government of the Punjab Services and General Administration Department letter No.MTO(S&GAD)AT-II(2-9)/2006 dated 22.04.2008, the size of general pool of vehicle shall be clearly established and no department shall retain vehicle beyond the following parameter in the general pool.

- One Car for touring Vehicles
- General duties Vehicles in accordance with a formula based on strength of Section Officer or equivalent Officer available in the department. One vehicle may be allowed to be retained for three Section Officer/Equivalent Officer to full fill their requirements to attend various meeting outside the office from time to time.

(A) During audit of Punjab Social Protection Authority, Lahore for the period 2017-18, it was observed that expenditure amounting to Rs.1,510,135 was incurred on POL and repair & maintenance of transport as detailed below.

Sr. No.	Head of Account	Total Expenditure (Rs.)
1.	A03807-POL Charges	1,239,354
2.	A13001-Repair of Transport	270,781
Total		1,510,135

The expenditure so incurred was held irregular/doubtful due to following irregularities:

- Sanctioned strength of vehicles/motor cycles/scooters was not got approved from FD.
- Speedo meters were not got sealed.
- Average Consumption Certificates were not obtained from concerned quarters.
- Monthly statements of POL consumption were not prepared.
- Log books were not signed by the officers using the vehicles.

(B) During audit of the office of the Director General, Bureau of Statistics, Punjab, Lahore for the period 2014-17, the Transport Officer provided the strength of 11 number of vehicles whereby 8 number of vehicles were shown as placed on pool duty irregularly. Only three Vehicles were shown designated vehicle. In this way, a sum of Rs.1,916,587 was incurred as cost of POL and repair charges irregularly.

Audit was of the view that disregard to the government instructions resulted in irregular maintenance of vehicles and expenditure thereon.

The matter was pointed out in March and July 2018. The management in respect of para (A) replied that matter would be justified in detail later on. The management in respect of para (B) noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should probe the matter and seek regularization of expenditure beside approval of the sanctioned strength of the vehicles from Finance Department.

(PDP No.25194-Punjab Social Protection Authority Lahore- 2017-18)

(PDP No. 25461- DG Bureau of Statistics, Lahore-2014-17)

20.4.12 Loss to government due to availing insurance from private firms-Rs. 1.03 million

According to National Insurance Company Limited (owned by Government of Pakistan) letter No. NICL/OPS/HO/AGPP/APR-2018/0060 dated 06.04.2018, availing insurance from private insurance companies was violation of Section 166 read with 156 of Insurance Ordinance 2000.

During audit of Punjab Social Protection Authority, Lahore for the period 2017-18, it was observed that instead of availing insurance from NICL, an amount of Rs. 1,027,452 was paid to M/S Jubilee Life Insurance Company Limited in violation of Insurance Ordinance 2000 which caused loss to government due to transfer of business of government owned entities to private insurance companies.

Audit was of the view that weak management controls resulted in loss to government.

The matter was pointed out in July 2018. The management replied that matter would be justified but no such justification was received.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends recovery of the amount of loss besides fixing responsibility after probing the matter.

(PDP No.25195- Punjab Social Protection Authority, Lahore- 2017-18)

Internal control weaknesses

20.4.13 Non-verification of beneficiaries of financial assistance-Rs. 3,065.07 million

According to Rule 2.10 (a) of PFR 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 the expenditure of his own money. Moreover, according to Rule 2.32 (a) of PFR Vol-I, it is not sufficient that a Government servant accounts should be correct to his own satisfaction. He has to satisfy not only himself but also the Accountant-General that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an amount is correct in all respects.

During audit of Punjab Social Protection Authority for the period 2015-17, it was noticed that an amount of Rs 3,065.07 million was disbursed/paid among 548,485 number of beneficiaries. The payments were made through Bank of Punjab against their ATM Cards. After issuance of ATM Cards, physical verification of beneficiaries was not conducted since last three years to know facts about recipients whether they were alive or not.

The details are as under:

(Rupees in million)

Sr. No	Name of Program	No of Beneficiaries up to June 2017	Amount (Rs.)
1	Khidmat Card Program for People with Disabilities (Kc-PWDs) @ Rs. 1200 Per month	147446	1,507.66
2	Khidmat Card Program for Children of Brick Kiln Workers(Kc-BK) @ 10000 per month based on 75% Attendance	82826	640.72
3	Khidmat Card Program for Girls Stipend (KZTP) @ Rs.1000 per month Bases on 80% Attendance.	318213	916.69
Total		548,485	3,065.07

Audit was of the view that due to non-verification of beneficiaries, the authenticity of the payments could not be verified.

When pointed out the irregularity in February 2018, the management noted the observation.

The matter was further reported to the administrative department. In DAC meeting held on 29.05.2018, the para was kept pending with the direction to PSFA to undertake the exercise as per its Board's directives. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should verify the status of the beneficiaries.

(PDP No.24087- Punjab Social Protection Authority, Lahore- 2014-17)

20.4.14 Lapse of funds due to non-surrendering of savings- Rs. 56.41 million

As per Rules 17.20 of PFR Vol-1, the department incurring the expenditure is responsible to notify the savings and surrender the same in

time. For this purpose para 14.3 of Punjab Budget Manual requires that the heads of Departments should submit to the Finance Department the first Statement of excesses & surrenders by 1st January and the Second Statement of Excesses and Surrenders by 31st March.

During audit of various formations of P&D Department, it was observed that the savings of Rs.56,409,707 were not surrendered by the DDO through second statement of excess and surrender due to which funds were lapsed irregularly and could not be further allocated at needy places in violation of the above rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Punjab social protection authority, Lahore	2014-17	24081	40,664,367
2.	DG Bureau of Statistics Punjab, Lahore	2014-17	25466	13,099,848
3.	Secretary Planning & Development, Lahore	2017-18	26271	2,500,356
4.	Bureau of Statistics Punjab Field Office, Faisalabad	2014-18	29797	145,136
Total				56,409,707

Audit was of the view that the lapse was due to weak internal controls on “Appropriations”.

The matter was pointed out in February to July 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. In DAC meeting held on 29.05.2018, the para at Sr. No. 1 was kept pending for regularization of the lapsed funds from Finance Department. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that irregularity be got regularized with the sanction of the finance department and savings should be surrendered to the authorities well in times in future to avoid of lapse of funds.

20.4.15 Excess expenditure-Rs.7.18 million

According to Rule 17.15 of Punjab Financial Rules, Vol-I, no government servant may, without previously obtaining an extra appropriation, incur expenditure in excess of the amount provided for expenditure under the head concerned and when a government servant exceeds the annual appropriation, he may be held responsible for the excess.

During audit of Secretary Planning & Development Department for the period 2017-18, scrutiny of expenditure statements revealed that an amount of Rs. 4,235,714 was incurred in excess of budget allocation under various heads of accounts.

Audit was of the view that weak internal controls on “Budgetary Provisions” resulted in the excess use of funds than budget allocation.

When pointed out during audit in July 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls and seek regularization of the expenditure from the Finance Department.

(PDP No26272- Secretary P&D, Lahore-2017-18)

20.4.16 Expenditure charged to irrelevant object head-Rs. 2.40 million

As per Paragraph 5 of Finance Department Letter No. PS/FS/808/78 dated 26.02.1978, the principal accounting officer should

issue instructions to the controlling and disbursing officers under him and that the payments are correctly classified under the appropriate head of account.

During audit of office of the Director General Bureau of Statistics for the period 2014-17, it was observed that a sum of Rs.2,396,120 was charged to wrong heads of accounts resulting into irregular expenditure. The details are as under:

Sr. No.	Purchase items	Expenditure charge	Expenditure to be charged	Amount (Rs.)
1.	Toners	A09601-M & E	A03901-Stationery	212,752
2.	Cable roll	A03970-Others	A09601-M & E	1,198,968
3.	Networking material	A03970-Others	A09601-M & E	984,400
Total				2,396,120

Audit was of the view that weak internal controls on “Appropriations” resulted in misclassified expenditure.

The matter was pointed out in March 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to get the irregularity condoned with the sanction of Finance Department.

(PDP No. 25458- DG Bureau of Statistics, Lahore- 2014-17)

20.4.17 Unauthorized payment of advertisement charges- Rs.163,273

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. Further, as per para 3(a) Finance Department letter No.PS/F8/808/78 dated

26.02.1978 that funds allocated to a department its attached department or subordinate offices are spent for the purpose for which they are allocated.

During audit of Secretary Planning & Development, Lahore for the period 2017-18, it was observed that the advertisement charges amounting to Rs.163,273 pertaining to office of the Director General (M&E), Lahore were paid from the budget of Secretary Planning & Development, Lahore which is quite irregular and unauthorized as Director General (M&E), Lahore is a separate entity which has its own budget and separate DDO. The advertisement charges were required to be paid by Director General (M&E), Lahore being separated entity and having its own budget from Government.

Audit was of the view weak management and supervisory controls resulted in unauthorized payment of advertisement charges.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should seek regularization of the matter from the Finance Department and strengthen supervisory and financial controls.

(PDP No.26268- Secretary P&D, Lahore- 2017-18)

Recoveries and overpayments

20.4.18 Less deduction of income tax on pay & allowances- Rs.2.50 million

As per section 12 of Income tax Ordinance 2001 read with Schedule 1 of the ordinance, prescribed income tax rates will be applicable on salaries person.

During audit of Secretary Planning & Development, Lahore for the period 2017-18, it was observed that income tax was less deducted amounting to Rs.2,495,104 on pay & allowances.

Audit was of the view that weak internal controls on taxation resulted in less deduction of income tax on pay & allowance.

Audit pointed out the irregularity in July 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that recovery be made from the concerned and deposited into Government treasury besides fixing of responsibility for less deduction of income tax and strengthening of supervisory and financial controls to avoid such recurrences in future.

(PDP No. 26259- Secretary P&D, Lahore-2017-18)

20.4.19 Non recovery of Punjab Sales Tax-Rs. 2.40 million

As per second schedule of the Punjab Sales Tax on Services Act 2012, Punjab Sales Tax is deductible @ 16% on services.

During audit of Planning and Development Department, scrutiny of contingent vouchers revealed that Punjab Sales tax was not deducted from the payments made to various service providers. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	Secretary Planning & Development, Lahore	2017-18	26262	2,055,033
2	Punjab social protection authority Lahore	2014-17	24083	199,504
3	Punjab social protection authority Lahore	2017-18	25197	145,251
Total				2,399,788

Audit was of the view that weak internal controls on “Taxation” resulted in non-deduction of Punjab Sales Tax.

The matter was pointed out in February and July 2018. The managements at Sr. Nos. 1 & 2 noted the observations for compliance. The management at Sr. No. 3 did not offer any reply.

The matter was further reported to the administrative department. In DAC meeting held on 29.05.2018, the para at Sr. No. 2 was kept pending for provision of punjab sales tax return for the year 2015-16. Further progress was not reported by the department. As regards remaining paras, the department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should strengthen its internal controls, effect recovery of the stated amount and deposit the same into relevant treasury.

20.4.20 Unauthorized payment of monetization of transport facility in lieu of official vehicle-Rs.2.06 million

As per Finance Department order No.SOE-I(P&D)2015-1387 dated 29.12.2015, Dr. Shabana Haider was appointed as Member (Health), P&D Board Punjab on MP-I scale for a period of two years on contract basis and she was allowed monetization of transport facility @ Rs.95,910 per month in lieu of official vehicle. The contract of the above said officer was extended by Finance Department vide order No.SPE-I(P&D)2015-1387 dated 21.12.2017 with the approval of chief minister for further two years and she was allowed monetization of transport facility @ Rs.95,910 per month in lieu of official vehicle. As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

Further, as per rule 2.33 of PFR Vol-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Secretary Planning & Development, Lahore for the period 2017-18, it was observed that Member (Health) drew monetization of transport facility @ Rs.95,910 per month amounting to Rs.2,062,065 for the period 15.03.2016 to 31.12.2017 and also used official vehicles which was unauthorized. Thus, the unauthorized payment of monetization of transport facility for Rs.2,062,065 for the period 15.03.2016 to 31.12.2017 should be recovered and deposited into government treasury.

Audit was of the view that weak supervisory and financial controls resulted in irregularity.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that recovery be made from concerned and deposited into government treasury besides fixing of responsibility for unauthorized payment of monetization of transport facility and strengthening of supervisory and financial controls to avoid such recurrences in future.

(PDP No.26263- Secretary P&D, Lahore- 2017-18)

20.4.21 Non recovery of late delivery charges-Rs.874,445

As per terms and conditions of the contract, the contractor would be bound to make supplies within the stipulated period. In case of failure,

the late delivery charges at the rate of 2% per month or part thereof would be recovered from the contractor.

During audit of the office of the Director General Bureau of Statistics, Lahore for the period 2014-17, scrutiny of the contingent vouchers of the development schemes of construction of office building and Strengthening of I.T of Bureau of Statistics revealed that contract for purchase of Furniture & Fixture was made with the Punjab Small Industries Corporation, Chiniot. The Supply Orders were issued with the direction to arrange the supply as per terms & conditions contained in the documents while the supply was not made within 45 days. The recovery of late delivery Charges Rs.874,445 was not made in violation of the contract.

The matter was pointed out in March 2018, The management replied that the matter had been taken up with the firm for recovery of late delivery charges.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends recovery of the late delivery charges and its deposit into government treasury.

(PDP No.25456-DG Bureau of Statistics, Lahore-2014-17)

20.4.22 Irregular drawal of product services without provision of funds-Rs. 333,372

As per Rule 2.10 of PFR 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 the expenditure of his own money.

During audit of Director General, Bureau of Statistics, Punjab, Lahore for the period 2014-17, it was observed that purchases were made from the Techaccess Pakistan (Pvt.) Ltd. Vide Bill No.B-5519 dated 09.03.2016 from the head of account Machinery & Equipment and sum of Rs.2,573,993 was drawn for purchase of Switches. Besides, on account of product services an amount of Rs.333,372 was drawn irregularly and expenditure charged to the project without the provision of fund caused irregularity. It is further added the claim on account of product services was drawn within the warranty period which needs to be recovered.

Audit was of the view that disregard to the canons of financial propriety resulted in irregular drawal of product services.

The matter was pointed out in March 2018. The management replied that matter would be taken up with the concerned firm for refund of under observation amount. The reply of the department was not tenable because the payment was made irregular and un-authorized within the warranty period of purchased switches.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to probe the matter, recovery of the loss and its deposit into government treasury.

(PDP No. 25457- DG Bureau of Statistics, Lahore- 2014-17)

Others

20.4.23 Non accountal of cheques-Rs. 4.97 million

As per Rule 2.2 of PFRVol-I, all the cheques drawn from the treasury should be compared and checked with the list of the cheques of treasury schedules issued by the Audit Officer/Treasury Office. Each and

every cheque received from the treasury should be recorded in the cash book on the receipt side and shown as paid on the payment side of the cheque book.

During audit of Director General, Bureau of Statistics, Lahore for the period 2014-17, it was observed that an amount of Rs.4,973,605 was drawn from the treasury through various cheques but not accounted for in the cash book.

Audit was of the view that disregard to the rules resulted in non-accountal of cheques and rendered the transaction as doubtful.

The matter was pointed out in March 2018. The management replied that record would be thrashed out and position would be shown to audit.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter and condonation of irregularity with the sanction of the Finance Department besides fixing responsibility on the persons at fault.

(PDP No.25462- DG Bureau of Statistics, Lahore-2014-17)

CHAPTER 21

POPULATION WELFARE DEPARTMENT

21.1 *Introduction*

Population Welfare Department is headed by a Secretary. It has two attached departments i.e., Director General Population Welfare and Director, Training/Research and Production. As per Punjab Government Rules of Business 2011, the department has been assigned the business of:

- Population policy formulation, implementation, monitoring and evaluation.
- Demographic statistics and analysis.
- Mainstreaming population factor in development planning process.
- Provision of family welfare services including family planning and general medical care.
- Preparation of budget and development schemes.
- Coordination with federal government, international agencies, NGOs and donors.
- Procurement and distribution of contraceptives.
- Training research and development of professional standards.
- Information, education and communication services.
- Promotion of population planning activities through private and other public sector institutions.
- Budget, accounts and audit matters.
- Purchase of stores and capital goods.
- Service matters except those entrusted to Services and General Administration Department.
- Matters incidental and ancillary to the above subjects.

21.2 Comments on Budget & Accounts (Variance Analysis)

Introduction

The Appropriation Accounts for the year 2017-18 of Population Welfare Department indicate expenditure on various specified services vis-à-vis appropriation authorized by Government of the Punjab.

Summary of Appropriation Accounts

The summarized position of actual expenditure during 2017-18 against the total of three grants/appropriations was as follows:

(Rupees in millions)

Grant No.	Original Grant	Supplementary Grant/Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
(1)	(2)	(3)	(4)	(5)	6(5-4)
PC21010	64.717	13.049	77.766	72.701	(5.064)
PC21023	4,178.052	51.740	4,229.792	3,541.125	(688.667)
PC22036	1,410.000	(108.410)	1,301.590	1,622.206	320.616
Total	5,652.769	(43.621)	5,609.148	5,236.033	(373.115)

Overview of Expenditure

The final budget of Population Welfare Department for the year ended 30 June, 2018 was Rs. 5,609.148 million. Out of this, actual expenditure was Rs.5,236.033million. The breakup of current and development expenditure is given below:

(Amount in Rupees)

Grant Type	Original Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	4,242,769,000	3,613,826,656	(628,942,344)	14.82
Development	1,410,000,000	1,622,205,862	212,205,862	15.05
Total	4,242,769,000	3,613,826,656	(628,942,344)	14.82

This composition changed due to supplementary grants & surrenders.

Variance of Final Grant and Actual Expenditure is given below:

(Amount in Rupees)

Grant Type	Final Grant	Actual Expenditure	Excess/ (Savings)	Variance %
(1)	(2)	(3)	(4)	(5)
Current	4,307,558,000	3,613,826,656	(693,731,344)	16.10
Development	1,301,590,000	1,622,205,862	320,615,862	24.63
Total	5,609,148,000	5,236,032,518	(373,115,482)	6.65

Anticipated savings not surrendered

As per para 14.3 of Punjab Budget Manual, the spending departments are required to surrender the grants/ appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, savings amounting to Rs. (693.731)million at the close of the year 2017-18 under grant PC21010& PC21023 were not surrendered in time by the Department.

Excess expenditure requiring regularization

According to Para 13.2 (ii) of Punjab Budget Manual, the total expenditure incurred on a purpose does not exceed the grant or grants provided for that purpose. However, excess expenditure amounting to Rs.320.616 million for the year 2017-18 under grant PC22036 had not been got regularized so far. This was breach of legislative control over appropriations.

21.3 *Brief comments on the status of compliance with PAC Directives*

The status of compliance with PAC Directives for reports of Population Welfare Department discussed so far is given below:

Sr. No.	Audit Report Year	Total Paras	Compliance received	Compliance not Received	Percentage of Compliance
1	1990-91	1	0	1	0
2	1991-92	4	0	4	0
3	1994-95	2	0	2	0
4	1995-96	10	1	9	10
5	1996-97	43	21	22	49
6	1997-98	53	15	38	28
7	1998-99	39	27	12	69
8	2005-06	25	10	15	40
9	2006-07	61	25	36	41
10	2009-10	27	2	25	7
11	2013-14	4	0	4	0
Total		269	101	168	38

The status of compliance with PAC Directives is very low except for the year 1998-99. The department is required to improve it.

21.4 AUDIT PARAS

Non-production of record

21.4.1 Non production of record

Section 14 of the Auditor-General's (Functions, Powers and Term and Conditions of Service) Ordinance, 2001 provides that the officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information. Any person or authority hindering the functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Disciplinary Rules.

During audit of Population Welfare Department, auditable record was not produced to audit as detailed below. Due to non production of record, audit scrutiny of targeted areas could not be completed. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of record
1	Family Health Clinic, RHSA/Kot Khawaja Saeed Hospital, Lahore	2012-17	24537	Pay and allowance related record
2	Principal, Population Welfare Training Institute, Lahore	2015-17	24610	Vouched account, utilization report and statement of unspent balance
3	Family health Clinic, DHQ Hospital, Bhakkar	2013-18	26304	Expenditure on renovation of building as neither measurement book was maintained nor completion certificate was produced

Audit was of the view that due to non-production of record, the authenticity of the expenditure could not be verified.

When pointed out the matter in February, 2018, the management at Sr. No. 1 stated that A.G. Punjab would be requested to provide required record. The managements at Sr. Nos. 2 & 3 noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should produce record for scrutiny besides fixing responsibility for non-production of record.

Irregularities & non-compliance

21.4.2 Irregular expenditure due to violation of Punjab Procurement Rules-Rs.518.99 million

As per Rule 8 of Punjab Procurement Rules 2014, procuring agency shall, within one month from the commencement of a financial year, devise annual planning for all proposed procurements. Moreover, as per Rule 9 (ibid), a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Further, as per Rule 12(1) (ibid), a procuring agency shall advertise procurement of more than one hundred thousand rupees and up to the limit of two million rupees on the website of the Authority in the manner and format specified by regulations but if deemed in the public interest, the procuring agency may also advertise the procurement in at least one national daily newspaper. Furthermore, as per Rule 37 ibid, a procuring agency shall announce the results of bid evaluation in the form of report on prescribed form giving justification for

acceptance or rejection of bids at least ten days prior to the award of procurement contract.

During audit of Population Welfare Department, it was observed that expenditure to the extent of Rs.518,997,301 was incurred on procurements of goods and services relating to different heads of accounts without observing above stated rules. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
1	D.G. Population Welfare, Lahore	2017-18	26419	Annual procurement planning was uploaded late on PPRA website and was not uploaded on departmental website	467,738,989
2	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24916	Bid evaluation report, guarantee certificate and price reasonability certificate was not available.	26,736,600
3	D.G. Population Welfare Lahore	2017-18	26422	Printing works without annual planning and adopting tendering process	6,288,700
4	Family Health Clinic (RHS-A) DHQ Hospital, Kasur	2013-18	29102	Purchases of medicine without annual planning and through split up indent to avoid PPRA	4,494,237
5	Family Health Clinic (RHS-A) DHQ Hospital Khanewal	2014-18	27064	Purchase of medicine without annual planning and through split up indent to avoid PPRA, DTL reports also not available	3,954,707
6	D.P.W.O. D.G. Khan	2017-18	27410	Purchases without annual planning and adopting tendering process	3,636,624
7	D.P.W.O. D.G. Khan	2017-18	27411	Purchases through split up indent to avoid PPRA	1,752,177
8	FHC DHQ Hospital, Faisalabad	2015-18	29300	Purchase of medicine without adopting tendering process	1,490,024
9.	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24923	Purchases without annual planning and through split up indent to avoid PPRA/Quotations	976,869

Sr. No.	Name of formation	Period of audit	PDP No.	Nature of irregularity	Amount (Rs.)
10	DPWO, Lahore	2017-18	29918	Purchases without annual planning and through split up indent to avoid PPRA	520,184
11	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24927	Record was not provided pertaining to selection of the vendor, PPRA advertisement, bid evaluation reports, completion certificate to verify payment plan and approval of the consulting material from administrative department.	399,000
12	Family Health Clinic, RHSA/Kot Khawaja Saeed Hospital, Lahore	2012-17	24538	Purchase of medicine through split up indent to avoid PPRA	274,694
13	Family health Clinic, DHQ Hospital, Bhakkar	2013-18	26306	Purchase of medicine without annual planning and adopting tendering process	270,000
14	Family Health Clinic, RHSA/Kot Khawaja Saeed Hospital, Lahore	2012-17	24534	Purchase of medicine through split up indent to avoid PPRA	1,87,733
15	Family Health Clinic, RHSA/Kot Khawaja Saeed Hospital, Lahore	2012-17	24531	Purchase of medicine through split up indent to avoid PPRA	155,393
16	Family Health Clinic, RHSA/Kot Khawaja Saeed Hospital, Lahore	2012-17	24536	Purchase of medicine through split up indent to avoid PPRA	121,370
Total					518,997,301

Audit was of the view that non observance of PPR 2014 led to non-transparent process of procurement.

The lapses were pointed out to concerned formations during February, July, September & October 2018. The managements at Sr. Nos. 1 to 3, 5, 8, 9, 11, 13 & 15 noted the observations for compliance, the

managements at Sr. Nos. 4, 6, 7 & 10 replied that the detailed replies would be submitted later on but no such replies were received till close of audit. The managements at Sr. Nos. 12 & 16 did not offer any cogent replies.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2017.

Audit recommends that matter be probed to fix responsibility besides regularization of the expenditure.

21.4.3 Irregular payment of rent of buildings-Rs.27.09 million

As per Section No.5 (2, 3, 5 & 6) of Punjab Rented Premises Act 2009, a landlord shall present the tenancy agreement before the Rent Registrar. The Rent Registrar shall enter the particulars of the tenancy in a register, affix his official seal on the tenancy agreement, retain a copy thereof and return the original tenancy agreement to the landlord. A tenancy agreement entered in the office of a Rent Registrar or a certified copy thereof shall be a proof of the relationship of landlord and tenant. Any agreement which may be executed between the landlord and the tenant in respect of the premises shall be presented before the Rent Registrar in a manner as provided in sub-section (2). Further, according to Note 3 of Serial No. 3 of Punjab Delegation of Financial Powers Rules, 2016, Hiring of buildings on rent would be subject to the conditions that (a) the accommodation is according to the scale approved by the Government, (b) the rent does not exceed the tax assessed by the Excise, Taxation and Narcotics Department for the purpose of Urban Immovable Property Tax. In case the rent exceeds as assessed by the Excise, Taxation and Narcotics Department, the Administrative Department shall give rent reasonability certificate and, (c) non-availability certificate by the C&W

Department that there is no official building available for housing a particular office.

During audit of Population Welfare Department, it was observed that expenditure amounting to Rs.27,087,276 on account of rent of office building was held irregular on the following grounds:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
1	D.G. Population Welfare Lahore	2017-18	26420	Rent assessment certificate and NOC from building department not obtained	9,673,021
2	District Population Welfare Officer, Lahore	2017-18	29916	Rent assessment certificate and NOC from building department not obtained as well as lease agreement was not shown to audit.	6,979,528
3	Secretary Population Welfare Punjab, Lahore	2017-18	27176	No approved map of house, tax assessment certificate and lease agreement doubtful	5,731,956
4	Principal, Population Welfare Training Institute, Lahore	2015-17	24609	Rent reasonability certificate not obtained	2,144,934
5	District Population Welfare Officer, Faisalabad	2017-18	29267	Rent assessment certificate and NOC from building department not obtained	1,406,244
6	District Population Welfare Officer, Hafizabad	2017-18	29295	NOC from building department not obtained	484,600
7	District Population Welfare Officer, Sheikhpura	2017-18	29304	NOC from building department not obtained and rent agreement were not executed on stamp paper	403,128

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
8	Secretary Population Welfare Punjab, Lahore	2017-18	27179	Rent paid over and above of gross annual rent assed by Excise and Taxation Officer and without getting rent reasonability certificate	263,865
Total					27,087,276

Audit was of the view that weak supervisory and financial controls led to irregular payment of rent of building.

Audit pointed out the irregularity in February, July, October and November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adhering to the laid down procedure besides regularization of the matter from Finance Department and strengthening of supervisory and financial controls.

21.4.4 Poor Human Resource Management-Rs.24.79 million

As per Government of the Punjab, Finance Department letter No.FD.SR.IV-8-1/76(Prov) dated 16.03.1988, shifting of headquarters for a period not exceeding three months without the prior approval of Finance Department is a financial irregularity and involves unnecessary expenditure. In case of Government servant is required to work at a station other than his headquarters for a period in excess of three months, the proper course for the department would be to approach Finance

Department with full justification for creation of the post at the required station and its abolition of the post at the original headquarters.

During audit of Population Welfare Department, it was observed that four officials were posted at other stations since long and they were paid pay and allowances without obtaining approval of Finance Department. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	District Population Welfare Officer, Lahore	2017-18	29915	22,169,913
2	FHC DHQ Hospital, Faisalabad	2015-18	29299	1,880,256
3	Directorate of Production and Printing Unit, Lahore	2015-17	26076	741,924
Total				24,792,093

Audit was of the view that if these posts were not required here, these should have been transferred to other places where these incumbents were performing their duties.

The matter was pointed out in February, October and November 2018. The managements did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should seek condonation of irregularity from the Finance Department.

21.4.5 Irregular expenditure under the head "Training Cost" without any policy-Rs.17.33 million

As per Rule 4.1 of PFR Vol-I, the departmental controlling officer should see that all sums due to government are regularly received and checked against demands and they are paid into the treasury. Moreover, as

per Rule 2.33 ibid, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Principal Regional Training Institute, Population Welfare Department, Lahore for the period 2009-17, perusal of the contingent vouchers revealed that an expenditure amounting to Rs.17,331,814 was incurred from the head "A03801-Training cost". Following observations were made:

1. There was no policy either by the government or by the Population Welfare Department regarding distribution of stipend to the enrolled students.
2. No procedure was developed or notified by the government to govern the expenditure of stipend cost.
3. No cost was being recovered of stipend from the students who have left the institution before completion of the educational programme.
4. No affidavits were obtained from the students at the time of admission.
5. The amount of Rs.42,952 needs to be recovered from the students who left the institution prior to completion of the degree programme.
6. No cost of Prospectus was being recovered from the students
7. No educational eligibility criteria is approved from the government.
8. The TA/I of the trainees was being met from the training cost despite allocation of budget under TA/I

Sr. No.	Head of account	Description	Year	Amount
1.	A03801	Training cost	2009-10	1,761,963
2.			2010-11	556,710
3.			2011-12	650,369
4.			2012-13	1,470,922
5.			2013-14	1,460,578
6.			2014-15	2,013,174
7.			2015-16	4,419,934
8.			2016-17	4,998,164
Total				17,331,814

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

The matter was pointed out in February 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that a comprehensive policy regarding recruitment and management of the stipend to students may be developed with the approval of competent authority and efforts may be made for recovery of the amount from the students who left the institution before completion of the educational programme, responsibility be fixed for non-adherence to government instructions and regularization of the expenditure be sought from the competent authority.

(PDP No.24917 – Regional Training Institute – 2009-17)

21.4.6 Unauthorized/irregular maintenance of bank account- Rs.8.34 million

According to Finance Department letter No. FD (W & M) (1-1/70) (VOL-XI) dated 20.11.2013, all departments, autonomous bodies, semi

autonomous bodies, boards, foundations etc. were directed to take immediate steps and retrieve amounts from commercial banks for placing them in the Bank of Punjab. According to Rule 2.2 of PFR Vol-I, a simple Cash Book in P.F.R. Form I should be kept in every office receiving or disbursing money on behalf of Government regularly or frequently for recording all transactions of moneys received by Government Servants in their official capacity, and subsequent remittance to the treasury or to the bank, as well transactions of moneys withdrawn from the treasury or the bank by bills and their subsequent disbursement.

During audit of Population Welfare Department for the period 2017-18, it was observed that bank accounts were being maintained in the name of DDO in National Bank of Pakistan. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Population Welfare Officer, Lahore	2017-18	29917	7,757,182
2.	District Population Welfare Officer, D G Khan	2017-18	27416	582,289
3.	RHSA/FHC DHQ Hospital, Jhelum	2015-18	29116	0
Total				8,339,471

The maintenance of bank account was held unauthorized/ irregular on the following grounds:

- Approval of Finance Department was not sought to maintain the bank account.
- Neither cashbook of bank account was maintained nor was monthly reconciliation carried out due to which the actual position of transactions could not be verified.
- The account was not being maintained with Bank of Punjab in violation of Finance Department instructions

Audit was of the view that weak supervisory and management controls led to unauthorized/irregular maintenance of bank account.

The matter was pointed out in September and November 2018. The managements at Sr. Nos. 1 & 2 did not offer any reply. The management at Sr. No. 3 noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of matter with the sanction of Finance Department besides maintaining cashbook and producing the same to Audit for verification.

21.4.7 Irregular Expenditure on Repair and Maintenance of Building – Rs.5.71 million

As per Rule 2.20 of PFR Vol-I, every payment including repayment of money previously lodged with government for whatever purpose must be supported by a voucher setting forth full and clear particulars of the claim. Further, Rule 99 of CPWD Code requires inspection and completion report in respect of work done.

During audit of Regional Training Institute, Population Welfare Department, Lahore for the period 2009-17, it was observed that an amount of Rs. 5,714,500 was paid to C&W Department for repair of building. The details are as under:

Sr. No.	Head of Account	Description	Voucher No.	Cheque No.	Date	Amount
1	A13302	Repair of building	71	2462002	01.01.15	1,176,100
2			146	2512976	26.05.15	278,600
3			109	2665302	14.03.16	1,175,100
4			184	2720346	09.06.16	1,846,300
5			188	2721641	15.06.16	641,500
6			189	2721642	15.06.16	596,900
Total						5,714,500

Following observations were made:

- Inspection reports in respect of work done were neither obtained nor shown to audit.
- The unspent balance, if any, was not received from Building Department.
- Completion certificate of the C&W Department was not produced.
- Adjustment Accounts of C&W Department was not produced.
- Evidence for deduction of income tax valuing Rs 571,450 (Rs.5,714,500 x 10%) on account of service rendered was also not available on record.

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

The matter was pointed out in February 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that inspection and completion reports as well as vouched account along with unspent balance and evidence of deduction of income tax if any may be obtained from quarter concerned and shown to audit.

(PDP No.24919 – Regional Training Institute – 2009-17)

21.4.8 Irregular purchase of printing material-Rs. 2.06 million

As per 2.10 (3) of PFR Vol-I, no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

During audit of Directorate of Publication and Printing Unit, Lahore for the period 2015-17, it was observed that DDO had purchased the printing material amounting to Rs. 2,058,600 issued to job, which is irregular due to the following:

- The DDO had prepared the requisition with his own signature instead of machine operation manager in violation of Rule 2.10 of PFR Vol-I
- Printing material purchased for the job was found issued in whole quantity without observing the previous balance lying in the stock. Stock register was showing the balance always “NIL”.
- Material quantity/quality certificate was not given in the stock register by the purchase committee.
- Specification of items purchased was not shown in supply order and delivery challan.
- After consumption of printing material, the output of the product was not shown.

Audit was of the view that weak internal controls resulted in irregular purchase of printing material.

The matter was pointed out in February 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the department should seek regularization of the expenditure from the Finance Department.

(PDP No.26080 – Directorate of Production and Printing Unit, Lahore – 2015-16 to 2016-17)

21.4.9 Unauthorized mode of payments-Rs. 1.63 million

As required in Rule 4.49(a) of Punjab STR read with Government of the Punjab Finance Department letter No. F.D (FRV-6/75(P) dated 20.06.2007, all payments (exceeding Rs.100,000) should be made through bank/pay order instead of cash.

During audit of District Population Welfare Officer (DPWO), Dera Ghazi Khan for the period 2017-18, it was observed that payments amounting to Rs. 1,629,581 were drawn in the name of DDO and paid to concerned firms in cash in violation of above rule. The details are as under:

Sr. No.	Name of Payee	Cheque No.	Date	Head	Bill Amount (Rs.)	Total Cheque Amount (Rs.)
1	ADMN RENT	633391580	30.11.17	A03402	62,500	312,500
2					62,500	
3					62,500	
4					62,500	
5					62,500	
6	Jibran Traders	48074939	27.09.17	A03901	41,126	167,641
7					39,394	
8					14,415	
9					13,479	
10					21,482	
11					37,745	
12	Jibran Traders	81874533	19.03.18	A03901	29,555	111,041
13					27,490	
14					39,394	
15					14,602	
16	Jibran Traders	3152662	26.04.18	A03901	48,918	181,210
17					48,052	
18					45,911	
19					38,329	
20	Jibran Traders	81874764	15.05.18	A03907	46,683	287,149
21					48,555	
22					42,120	

Sr. No.	Name of Payee	Cheque No.	Date	Head	Bill Amount (Rs.)	Total Cheque Amount (Rs.)
23					39,780	
24					36,796	
25					32,468	
26					27,000	
27					13,747	
28					42,500	
29					35,600	
30					48,864	
31	Jibran Traders	81874533	19.03.18	A03918	47,040	286,979
32					40,775	
33					29,700	
34					42,500	
35					34,295	
36					16,439	
37					46,242	
38	Jibran Traders	81874764	15.05.18	A03918	44,224	283,061
39					48,613	
40					47,560	
41					45,688	
Total					1,629,581	1,629,581

Audit was of the view that non-observance of government instructions resulted in irregular mode of payment.

When pointed out in September 2018, the management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends regularization of expenditure with the sanction of Finance Department besides strengthening internal controls to avoid such lapses in future.

(PDP No.27412 – D.P.W.O. D.G.Khan – 2017-18)

21.4.10 Unjustified payment of utility charges of hostel- Rs.1.29 million

As per Rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assed, realized and credited to Government account. Moreover, as per Rule 2.37 *ibid*, payment shall be required in all cases where a Govt. department renders services or made supplies to a non Government body/institution

During audit of Principal Population Welfare Training Institute, Lahore for the period 2015-17, it was observed that an amount of Rs.1,286,728 was drawn from government treasury and paid on account of utility charges of hostel instead of from trainees was irregular/ unjustified. The details are as under:

Payment	Period	Amount (Rs.)
Hostel Diesel Generator	2015-16	(799*77=61,523)
Hostel Diesel Generator	2016-17	(650*77=50,050)
Electricity	2015-17	1,089,123
Gass	2015-17	86,032
Total		1,286,728

Audit was of the view that weak supervisory and financial controls resulted in unjustified payment of utility charges of hostel.

The matter was pointed out in February 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that payments may be recovered and deposited into government treasury.

(PDP No.24611 – Principal, Population Welfare Training Institute, Lahore – 2015-17)

21.4.11 Irregular purchase in violation of austerity measures- Rs.180,772

As per the Finance letter No. FD.SO (GOODS)44-4/2011 (A) dt: 28.08.2015 at Sr. No. 2 (vii) procurement of goods i.e. Furniture & Fixture, Machinery & Equipment, Luxury Items etc. without obtaining the prior approval of Finance and S&GAD Departments to keep the expenditure strictly within the budgetary provision.

During audit of Directorate of Publication and Printing Unit, Lahore for the period 2015-17, it was observed that department procured air conditioner, IT equipments, furniture & fixture and luxury items without getting approval of the Finance Department. The details are as under:

Sr. No.	CB No.	Month	Head of Account	Description	Amount (Rs.)	Type of Items
1	126	Jun-16	A09601	Purchase of Plant & Machinery	22,932	Micro Oven and Digital Camera
2	128	16-Jun	A09701	Purchase of Furniture & Fixture	60,840	Office Chairs, Cabinet, Almirah
3	129	16-Jun	A09601	Purchase of Plant & Machinery	97,000	Split AC, LED
Total					180,772	

Audit was of the view that non observance of government instructions resulted in irregular purchase of durable goods, machinery and equipment, furniture and fixture.

The matter was pointed out in February 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter be got regularized from Finance Department.

(PDP No.26078 – Directorate of Production and Printing Unit, Lahore -2015-17)

Internal control weaknesses

21.4.12 Lapse of funds due to non-surrendering of savings-Rs.347.26 million

According to Para No. 14.3 of Punjab Budget Manual, the Heads of Departments should submit to the Finance Department the first statement of excesses and surrenders by 1st January and the 2nd statement of excesses and surrenders by 31st March.

During audit of Population Welfare Department, it was observed that an amount of Rs.347,257,728 was neither expended nor surrendered. Had this amount been surrendered in time, it could have been used for some other useful purpose. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	D.G. Population Welfare Lahore	2017-18	26427	305,389,774
2	Principal, Population Welfare Training Institute, Lahore	2015-17	24607	9,946,891
3	Secretary Population Welfare Punjab, Lahore	2017-18	27180	4,969,251
4	Family Health Clinic (RHS-A) DHQ Hospital Khanewal	2014-18	27067	4,159,873
5	DPWO, Jhang	2017-18	26314	3,311,008
6	DPWO, Lahore	2017-18	29919	3,112,351
7	FHC DHQ Hospital, Faisalabad	2015-18	29302	2,534,522
8	Family Health Clinic (RHS-A) DHQ Hospital Kasur	2013-18	29105	1,993,021
9	Family health Clinic, DHQ Hospital, Bhakkar	2013-18	26308	1,878,247
10	RHSA Centre, Jhang	2013-18	26312	1,822,122
11	Family Health Clinic, RHSA/KotKhawajaSaeed Hospital, Lahore	2012-17	24535	1,795,256

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
12	RHSA/FHC DHQ Hospital Jhelum	2015-18	29118	1,769,872
13	Directorate of Production and Printing Unit, Lahore	2015-17	26079	1,664,371
14	SMO, Family Health Clinic, Lady Aitcheson, Lahore	2016-17	24525	1,494,278
15	District Population Welfare Officer, Sheikhpura	2017-18	29306	838,460
16	District Population Welfare Officer, Attock	2017-18	27220	578,431
Total				347,257,728

Audit was of the view that the lapse occurred due to lack of supervisory and financial controls.

The matter was pointed out during February to November 2018. The managements at Sr. Nos.4, 6 & 13 replied that the detailed reply would be submitted later on. The management at Sr. No.14 replied that major balance is in pay and allowances due to vacant posts and IRC medicine utilization is dependent on number of clients whereas rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be looked into and irregularity be got regularized with the sanction of the competent authority.

21.4.13 Excess expenditure-Rs.79.61 million

As per Rule 17.15 of the PFR Vol-I, no Government servant may, without previously obtain an extra appropriation, incur expenditure in

excess of the amount provided for expenditure under the heads concerned, and when a Government servant exceeds the annual appropriation he may be held responsible for the excess.

During audit of Population Welfare Department, it was observed that expenditure of Rs.79,606,746 was made over and above budget allocation. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	DPWO, Jhang	2017-18	26313	28,521,334
2	District Population Welfare officer Sialkot	2017-18	26247	11,039,152
3	District Population Welfare officer Sheikhupura	2017-18	29305	9,038,490
4	District Population Welfare officer Lahore	2017-18	29920	6,496,485
5	District Population Welfare Officer, Attock	2017-18	27219	5,471,260
6	District Population Welfare Officer, Faisalabad	2017-18	29265	4,635,341
7	D.G. Population Welfare Lahore	2017-18	26428	4,026,773
8	RHSA Centre, Jhang	2013-18	26310	2,427,919
9	RHSA/FHC DHQ Hospital, Jhelum	2015-18	29119	1,360,167
10	Family health Clinic, DHQ Hospital, Bhakkar	2013-18	26307	1,343,477
11	Family Health Clinic, RHSA/KotKhawajaSaeed Hospital, Lahore	2012-17	24533	1,261,052
12	Family Health Clinic (RHS-A) DHQ Hospital Khanewal	2014-18	27068	1,202,144
13	Principal, Population Welfare Training Institute, Lahore	2015-17	24612	1,014,866
14	Family Health Clinic (RHS-A) DHQ Hospital Kasur	2013-18	29106	971,893
15	Secretary Population Welfare Punjab, Lahore	2017-18	27174	646,873
16	Directorate of Production and Printing Unit, Lahore	2015-17	26077	149,520
Total				79,606,746

Audit was of the view that weak internal controls on “Appropriations” resulted in excess expenditure than budgetary allocations.

The matter was pointed out during February to November 2018. The managements at Sr. Nos.4 & 10 replied that the detailed reply would be submitted later on, whereas rest of the managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be justified and expenditure be got regularized from competent authority under intimation to audit.

21.4.14 Expenditure charged to irrelevant object head-Rs.3.67 million

According to Para 4.2.9.2 of the Accounting Policies and Procedures Manual (A.P.P.M), all expenditures must be classified in accordance with the Chart of Account, under the appropriate expenditure head.

During audit of Population Welfare Department, it was observed that expenditure amounting to Rs.3,670,489 was charged to wrong heads of accounts resulting into irregular expenditure. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Object Head charged	Object Head to be charged	Amount (Rs.)
1	RHSA Centre, Jhang	2013-18	26311	A06470 – IRC Cases	A03927 – Purchase of Drugs	2,155,201
2	D.P.W.O. D.G.Khan	2017-18	27414	A03907- Advertising and Publicity A03918- Exhibitions and Fairs	A06301- Entertainment and Gifts	1,161,025

Sr. No.	Name of formation	Period of audit	PDP No.	Object Head charged	Object Head to be charged	Amount (Rs.)
3	District Population Welfare Officer Sialkot	2017-18	26248	A03918- Exhibitions and Fairs	A03907- Advertising and Publicity	354,263
Total						3,670,489

Audit was of the view that weak internal controls on “Appropriations” resulted in misclassified expenditure.

The matter was pointed out in July, August & September 2018. The managements at Sr. Nos. 1 & 3 noted the observations for compliance. The management at Sr. No. 2 replied that the detailed reply would be submitted later on.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be justified and expenditure be got regularized from competent authority under intimation to audit.

21.4.15 Undue/unauthorized retention of public money- Rs.145,668

As per Rule 4.7 (1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account. Moreover, as per Rule 2.33 *ibid*, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Family Health Clinic DHQ Hospital, Bhakkar for the period 2013-18, scrutiny of bank statement revealed that a balance

Rs. 145,668 was lying in National Bank Account Bhakkar as revolving fund which was stopped to be utilized by the department on 01.07.2016. The funds were neither utilized nor deposited into government treasury and remained un-utilized after stoppage.

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

When point out in September 2018, the management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to utilized the government money in public interest or to deposit it to the government treasury.

(PDP No.26305 – Family health Clinic, DHQ Hospital, Bhakkar – 2013-18)

Recoveries and overpayments

21.4.16 Inadmissible/unauthorized payment of pay & allowances – Rs.27.40 million

As per Para 16 (1) of Punjab Budget Manual, no department shall, without previous consultation with the Finance Department, authorize any orders, other than orders in pursuance of any general or special delegation made by the Finance Department, which directly or indirectly affect the finance of the province, or which in particular involve:

- Expenditure for which no provision exists;
- a change in the number or grading of posts or in terms and conditions of service of Government servants or their statutory rights and privileges which have financial implications;

As per Rule 2.31 of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of Population Welfare Department, it was observed that an expenditure amounting to Rs.27,401,600 was incurred on account of pay & allowances. The expenditure was held irregular on the following grounds:

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
1.	District Population Welfare Officer, Hafizabad	2017-18	29298	Irregular payment of pay and allowances without verification of educational certificates	10,030,254
2.	Secretary, Population Welfare, Lahore	2017-18	27175	Pay & allowances paid without approved sanctioned posts	6,302,088
3.	RHSA Centre, Jhang	2013-18	26309	Payment to staff but sanctioned strength not approved	2,553,392
4.	Family Health Clinic, RHSA/KotKhawaja Saeed Hospital, Lahore	2012-17	24532	Payment of pay & allowance during absent period	1,985,964
5.	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24922	Disbursement of pay & allowances through cash instead of payment through bank account	1,913,680
6.	Family Health Clinic, RHSA/KotKhawaja Saeed Hospital, Lahore	2014-18	27066	Pay & allowances paid without approved sanctioned posts	1,867,935
7.	District Population Welfare Officer, Sialkot	2017-18	26252	Higher scale Pay & Allowances drawn	751,455
8.	D.G. Population Welfare, Lahore	2017-18	26425	Pay & allowances was paid against "unknown" designation	512,879

Sr. No.	Name of formation	Period of audit	PDP No.	Irregularities	Amount (Rs.)
9.	District Population Welfare Officer, Jhang	2017-18	26317	A lump sum amount was drawn through manual bill and disbursed among employees by using discretionary powers on the basis of pick & choose	327,675
10.	District Population Welfare Officer, Sialkot	2017-18	26249	A lump sum amount was drawn through manual bill and disbursed among employees by using discretionary powers on the basis of pick & choose	276,150
11.	District Population Welfare Officer, Jhang	2017-18	26318	TA / I was drawn without tour programmes	202,178
12.	District Population Welfare Officer, Hafizabad	2017-18	29297	Fixed TA / I was drawn without progress report	137,200
13.	D.G. Population Welfare, Lahore	2017-18	26453	Special Allowance etc. was paid without sanction orders	117,720
14.	Family Health Clinic (RHS-A) DHQ Hospital, Kasur	2013-18	29104	Overpayment of Health Professional Allowance	120,501
15.	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24934	Payment of pay & allowance during absent period	109,836
16.	District Population Welfare Officer, Faisalabad	2017-18	29266	Payment of 932urchased932 allowance during leave period	101,350
17.	FHC DHQ Hospital, Faisalabad	2015-18	29301	Overpayment of one month pay on resignation from post	91,343
Total					27,401,600

Audit was of the view that non-observance of laid down instructions and weak supervisory controls led to inadmissible/unauthorized payment of pay and allowances.

The matter was pointed out in February and July to October 2018. The management at Sr. No. 7 did not sign the observation, the management at Sr. No. 10 replied that the matter would be taken at an administrative level and reply would be given later on. The rest of formations noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility for overpayment be fixed, recovery be effected from officers/officials concerned and deposited into government treasury besides strengthening of the supervisory and financial controls.

21.4.17 Non-accountal of store articles-Rs.15.33 million

As per Rule 2.31 of PFR Vol-I, a drawl of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, fraud and misappropriation.

During audit of Population Welfare Department, it was observed that an amount of Rs.15,328,559 was drawn from “A03901” Stationery and “A03927” Purchase of Drugs and Medicines, but the stock was not taken into account and stock entries were neither made nor stock registers were provided to audit for verification by the department. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Head of Account	Amount (Rs.)
1	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24918	Medicine and lab items	14,155,290

Sr. No.	Name of formation	Period of audit	PDP No.	Head of Account	Amount (Rs.)
2	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24924	“A03901” Stationery and “A03927” Purchase of Drugs and Medicines	911,004
3	Regional Training Institute	2009-17	24931	Store articles	132,880
4	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24932	“A03901” Stationery	129,385
Total					15,328,559

Audit was of the view that in the absence of the stock entries, the amounts drawn seemed to have been misappropriated.

The matter was pointed out in February 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter may be probed and corrective measures be taken.

21.4.18 Non-deduction of taxes-Rs.1.85 million

According to Sales Tax Act 1990, 1/5th of GST (17%) is to be deducted while making payments for purchase of goods. Second schedule of Punjab Sales Tax Act 2012 provides that sales tax @ 16% should be deducted on services provided for specific purposes. Moreover, as per section 153(1) (a) of Income Tax Ordinance 2001, income tax was to be deducted at source on supplies @ 4.5% & 6.5% and services @ 10% & 15% from filer and non-filer respectively.

During audit of Population Welfare Department, it was observed that some formations made payments on account of purchase of various goods and services but GST, Punjab sales tax and withholding tax from the concerned contractors were not deducted at source. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Non deduction	Amount (Rs.)
1.	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24925	GST	470,172
2.	Principal, Population Welfare Training Institute, Lahore	2015-17	24613	PST	336,849
3.	Principal, Population Welfare Training Institute, Lahore	2015-17	24614	Withholding tax	256,717
4.	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24929	Withholding tax	254,398
5.	Directorate of production and printing Unit, Lahore	2015-17	26074	Withholding tax	253,513
6.	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24930	PST	171,840
7.	Regional Training Institute, Population Welfare Department, Lahore	2014-17	24933	Withholding tax	109,984
Total					1,853,473

Audit was of the view that weak internal controls on “Taxation” resulted in non-deduction of GST, PST and Income Tax.

Audit pointed out the lapse in February 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends to fix the responsibility regarding non recovery of GST, PST and income tax besides recovery of the same and its deposit into government treasury.

21.4.19 Overpayment to contractor for transport services –Rs.1.74 million

As per Sr. No. 4 & 47 of the Second Schedule of the Punjab Sales Tax on Services Act 2012, Punjab Sales Tax (PST) @16% was levy-able on the transportation of goods services. Further, as per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on.

During audit of Director General Population Welfare, Lahore for the period 2017-18, it was observed that as per given and approved quotation of the contractor i.e. M/s Pak Karmawala Goods Company (Pvt) Limited Lahore the given/ agreed rate (i.e. Rs.59/KG) was inclusive of all applicable government taxes but surprisingly, it was observed that PST was calculated on the agreed price which was already included in the agreed price, resulted in excess payment to contractor for Rs.1,737,690 causing loss to government revenue.

Audit was of the view that weak supervisory and financial controls resulted in loss to government revenue for Rs.1,737,690.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for overpayment and recovery of the same be made from concerned under intimation to audit besides strengthening of supervisory, financial and internal controls to avoid such lapses in future.

(PDP No.26421 – D.G. Population Welfare Lahore – 2017-18)

21.4.20 Unjustified payment of freight charges-Rs.117,500

As per Rule 2.33 of PFR Vol-I, every government servant should relies fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of DPWO Sialkot for the period of 2017-18, it was noticed that an amount of Rs.117,500 was paid as freight charges which was fictious due to the following audit observations.

- Vehicles which were hired, alongwith registration No. and the name of driver was not mentioned on the face of the receipts of Transport Company.
- It was the practice of DPWO to issue/distribute the medicines to incharge of FWC during monthly meeting in the head office.
- Schedule of distribution of medicines was not produced to audit.
- Acknowledgments of the concerned incharge of FWC regarding distribution receipt of medicines/other store stock was not available with the (DPWO Office, Sialkot) store keeper on the visited date.

Audit was of the view that weak internal controls resulted in unjustified payment of freight charges.

The matter was pointed out in July 2018. The management did not offer any reply.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be probed, recovery be effected and deposited into government treasury.

(PDP No.26251 – District Population Welfare officer Sialkot – 2017-18)

Others

21.4.21 Non submission of adjustment accounts-Rs.301.22 million and non-levy of stamp duty-Rs.753,059

As per Finance Department letter No. PWD/SO(B)2-6/2017,Vol-I & No.SO.(H-I)5-157/2015(6)(A.D) dated 12.06.2018 & 16.06.2017 relating to request for advance drawls for supply of imported contraceptive; vouched account with supporting vouchers/ documents to be furnished to Accountant General Punjab within one month of the withdrawal of advance for adjustment in the books of accounts.

During audit of D.G. Population Welfare, Lahore for the period 2017-18, it is observed that an amount of Rs.301,223,567 was drawn from government treasury and paid as advance payment for purchase of contraceptives with the direction that adjustment accounts with supporting vouchers/documents should be furnished to Audit Office within a period of one month of its drawl. But adjustment accounts with supporting vouchers/documents were not produced to audit for verification. Further, the stamp duty for Rs. 753,059 (Rs.301,223,567 / 100 X 0.25) was also to be recovered from the concerned under intimation to Audit.

In the absence of adjustment account, the expenditure so incurred (against advance drawl) could not be verified by Audit.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed for non-adherence of government instructions besides production of vouched accounts and strengthening of supervisory and financial control system.

(PDP No.26418–D.G. Population Welfare Lahore – 2017-18)

21.4.22 Doubtful payment of pay and allowances-Rs.5.24 million

As per Rule 2.31(a) of PFR Vol-I, a drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any over charges, frauds and misappropriations.

During audit of Director General Population Welfare, Lahore for the period 2017-18, it was observed from the soft data (extracted from SAP R3 System) of pay & allowances of cost center LO-5606 pertaining to D.G. Population Welfare, Lahore that various officers/officials were drawing pay & allowances but their CNIC numbers which are entered in SAP R3 System are not of 13 digits which means that there New CNIC were yet not entered into the SAP R3 System. An amount of Rs. 5,236,888 was drawn as Pay & Allowances by the above said officers/officials.

Audit was of the view that the lapse occurred due to weak supervisory and financial controls.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility be fixed against the concerned for non adherence to prescribed government instructions and compliance of the same be made.

(PDP No.26424 – D.G. Population Welfare Lahore – 2017-18)

21.4.23 Doubtful expenditure on account of POL-Rs.4.99 million

As per Para 9 of West Pakistan Government Staff Vehicle (Used and Maintenance) Rules, (1) there shall be maintained for every government vehicle, a log book in Form-A wherein shall be entered the journey performed by the government vehicle. (2) The log book maintained under sub rule (1) shall remain in the custody of the driver incharge of the vehicle and shall be examined and signed by the officer incharge every day at the time driver is relieved from duty.

During audit of Population Welfare Department, it was observed that the POL amounting to Rs. 4,998,472 was purchased for the vehicles but the log books were not maintained according to the instructions of the government mentioned above. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	Regional Training Institute, Population Welfare Department, Lahore	2009-17	24921	3,863,721
2.	Secretary Population Welfare Punjab, Lahore	2017-18	27178	1,134,751
Total				4,998,472

Audit was of the view that non maintenance of log books leads to the doubtful expenditure on account of POL.

The matter was pointed out to concerned formations in February and July 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that responsibility for non-maintenance of record be fixed. Recovery (if any) be effected from officers/officials concerned and credited into government treasury besides strengthening of the supervisory and financial controls.

21.4.24 Non disposal of condemned vehicles/ store articles – Rs.4.79 million

Rule 15.3 of PFR, Vol-I provides that a competent authority may sanction the sale or disposal of stores regarded as surplus, obsolete or unserviceable or order the write off of losses of stores.

During audit of Population Welfare Department, it was observed that off road vehicles and store articles were not auctioned, the condition of the vehicles and store articles was deteriorating day by day due to non-utilization/disposal thereof. Audit had calculated estimated loss caused to government for Rs.4,790,370, the details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1.	District Population Welfare Officer, F/Abad	2017-18	29264	1,643,000
2.	District Population Welfare Officer, Lahore	2017-18	29914	800,000
3.	District Population Welfare Officer, Hafizabad	2017-18	29294	908,500
4.	District Population Welfare Officer, Sialkot	2017-18	26246	385,000
5.	D.G. Population Welfare, Lahore	2017-18	26426	442,870
6.	District Population Welfare Officer, DG Khan	2017-18	27418	411,000
7.	District Population Welfare Officer, Attock	2017-18	27221	200,000
Total				4,790,370

Audit was of the view that weak internal controls on “Inventories” resulted in non-disposal of condemned vehicles and store articles.

The matter was pointed out during July to November 2018. The managements noted the observations for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2017.

Audit recommends that the auction process may be completed at the earliest to avoid further deterioration of items/ loss to government.

21.4.25 Irregular expenditure on account of POL and Repair of vehicles –Rs.1.56 million

According to Rule 11 of the Punjab Delegation of Financial Powers Rules, 2016, the sanctioned strength of vehicles/motorcycles/scooters in an Administrative Department/functional unit shall be approved by Finance Department to keep the number of vehicles/motorcycles/scooters in a Department in line with the valid need. Further, in accordance with the S&GAD Letter No.AT-II/(2-9)2006 dated 22.04.2008 issued by the S&GAD (Transport Pool) Punjab, Lahore, the Secretary of the Department/Head of the Department shall be authorized 1300cc one car as per entitlement. Similarly, the entitlement of vehicle to additional Secretary alongwith entitlement of touring vehicles to section officers was also defined in the said letter. All these instructions were subject to furnishing a certificate that no office/officer is holding cars in excess of afore-stated policy.

During audit of Secretary Population Welfare Department, Lahore for the period 2017-18, it was observed that there were 5 sanctioned posts of drivers whereas 10 vehicles remained under the use of office management. The approved sanctioned strength of vehicles from Finance Department was not shown to audit. Thus, due to retention of vehicles over and above approved sanctioned strength of drivers, public exchequer sustained unlawful expenditure of Rs. 1,557,215.

The details are as under:

Description	Amount (Rs.)
Expenditure on purchase of POL	2,428,384
Expenditure on repair of vehicles	686,053
Total Expenditure	3,114,437
Average expenditure of each vehicle (Approx.)	311,443
Average expenditure on 5 vehicles	1,557,215

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

The matter was pointed out in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that matter should be looked into, sanctioned strength of the vehicles be obtained from Finance Department, irregularity be got regularized with the sanction of the competent authority besides strengthening financial and supervisory controls to avoid recurrence of such lapses in future.

(PDP No.27177 – Secretary Population Welfare Department, Lahore - 2017-18)

21.4.26 Irregular payment of rent charges of Family Welfare Centers-Rs. 2.22 million

As per provision of PC-I at page 39 under the head shifting of FPHCs/FWCs to the health facilities, on the recommendations of the joint mapping/feasibilities committees of PWD and Health Department, the new FPHCs/FWCs will be shifted to the health dispensaries, BHUs & RHCs. Health Department may provide two rooms in the main building of each RHC for FPHCs / FWCs.

During audit of Population Welfare Department, it was observed that an amount of Rs.2,218,373 was paid as Family Welfare Center (FWC) rent due to non shifting of FWCs to Health Facilities. Whereas the respective offices were required to be shifted into Basic Health Units of the health department in compliance of the PC-I directions to avoid wastage of expenditure on account of building rent. No efforts were made for shifting of under observation offices into Basic Health Units (BHUs). It resulted into loss sustained to the government due to non shifting of FWCs. The details are as under:

Sr. No.	Name of formation	Period of audit	PDP No.	Amount (Rs.)
1	DPWO, D.G.Khan	2017-18	27413	1,297,097
2	DPWO, Jhang	2017-18	26315	921,276
Total				2,218,373

Audit was of the view that weak internal controls led to loss to government.

The matter was pointed out in August and September 2018. The management at Sr. No. 1 noted the observation for detailed reply. The management at Sr. No. 2 noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends probe of the matter to fix responsibility and recovery of the entire amount of loss from persons held responsible besides taking immediate steps for shifting of FWCs.

21.4.27 Non deposit of auction money into Treasury- Rs.651,911

As per Rule 4.1 of PFR Vol-I, the departmental controlling officers should accordingly see that all sums due to Government are regularly received and checked against demands, and that they are paid into the

treasury. Further, as per Rule 7(1) Under Section-V (Payment of Revenues of the Province into the Consolidated Fund or the Public Account) of Treasury Rules, save as hereinafter provided in this Section, all moneys as defined in Article 118 of the constitution, received by or tendered to Government Servants shall, without undue delay, be paid in full into the Treasury or into the bank and shall be included in the Consolidated Fund or the Public Account of the Province. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund or as the case may be, the Public Accounts of the Province. No department of the Government may require that any such money be kept out of the Consolidated Fund or the Public Account of the Province.

During audit of D.G. Population Welfare, Lahore for the period 2017-18, it was observed that condemned vehicle NO. LHR-8611 (pertaining to D.G. Population Welfare, Lahore) was auctioned for Rs. 651,911 (Reserve Price was Rs.185,000) on 21.08.2017. The management received the auction price in the shape of CDR's (Rs.627,000 + Rs.25,000) dated 11.09.2017 & 19.08.2017. The same was not deposited into Government treasury till the date of Audit which is violation of the above said prescribed Government instructions.

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

Audit pointed out the irregularity in July 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that non-deposit period of Government money into Government treasury be regularized from Finance Department besides depositing of the amount into Government Treasury and strengthening of supervisory, financial and internal controls.

(PDP No.26423 – D.G. Population Welfare Lahore – 2017-18)

21.4.28 Undue retention of government money-Rs.371,192

According to Rule 7(I) of Section (V) of Punjab Treasury Rules, all moneys received by the government servant on account of revenue shall without delay be paid in full into government treasury or into the bank.

During audit of District Population Welfare Officer, Jhang for the period 2017-18, it was observed that government money amounting to Rs.371,192 was unnecessarily retained in the bank, as per bank statement with the same balance as on June 2018, instead of immediately depositing into government treasury till the finalization of audit report.

Audit was of the view that weak internal controls resulted in undue retention of government money.

The matter was pointed out in August 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that undisbursed amount should be deposited into government treasury besides the irregularity be regularized from the Finance Department.

(PDP No.26316 – DPWO, Jhang – 2017-18)

21.4.29 *Doubtful consumption of medicines-Rs.285,158*

As per Rule 15.5 of PFR Vol-I, when materials are issued from of departmental use, the government servant in charge of the store should see that material are issued, a written acknowledgement should be obtained from the person to whom they are ordered to be delivered or dispatched or from his duly authorized agent. Moreover, as per Rule15.6 *ibid*, special attention should be paid by a Government servant in direct charge of stores to ensure that in case of transfer the stores in his charge are made over correctly to his successor and receipt taken from the relieving-Government servant. This is necessary in order to fix responsibility for the loss of stores on the particular person.

During audit of Medical Officer, Family Health Clinic, Lady Aitcheson, Lahore for the period 2016-17, it was observed that Senior Medical Officer purchased the medicine for the clients, O.T etc. Senior Medical Officer had entered the medicine in the stock register on the date of purchase and issued to the O.T on the same date in whole quantity without end user request. The consumption of medicine per client was not shown to audit in violation of rule stated above.

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

The matter was pointed out in March 2018. The management noted the observation for compliance.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the consumption of medicine per client may be shown to audit otherwise regularize the expenditure with the sanction of competent authority.

(PDP No.24524 – SMO, Family Health Clinic, Lady Aitcheson, Lahore – 2016-17)

21.4.30 *Doubtful expenditure on account of repair –Rs.206,434*

As per Rule 2.33 of PFR Vol-I, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of Directorate of Publication and Printing Unit, Lahore for the period 2015-17, it was observed that repair of transport/ Machinery & Equipment/furniture amounting to Rs. 206,434 was made. The expenditure was held irregular due to the following audit observations:-

- Request of end user was not available in violation of Rule 15.5 of PFR Vol-I.
- Technical and Inspection Reports were presented prior to repair from the local market.
- Purchase committee was not nominated.
- The description of repair was not incorporated in history sheet.
- The work completion certificate was not available in the record.
- Old replaced parts were not entered in the dead stock register.
- Sanction to incur the expenditure of the competent authority was not available with the claim.
- Claims were prepared through splitting the expenditure.

Audit was of the view that lapse was occurred due to weak supervisory and financial controls.

The matter was pointed out in February 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that doubtful repair of machinery and equipment may get regularized with the sanction of competent authority under report to audit.

(PDP No.26075 – Directorate of Production and Printing Unit, Lahore – 2015-16 to 2016-17)

21.4.31 Non posting of WMOs in FHCs

As per Rule 2.33 of PFR VOL-I, every Government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part.

During audit of District Population Welfare Officer (DPWO), Attock for the period 2017-18, it was observed that 05 FHC centers were working under the Administrative control of DPWO Attock, out of which WMOs (Woman Medical Officers) were posted in only three FWCs (i.e. FHC Attock, Hazro & Fateh Jang). The WMOs in two FHCs (i.e. FHC Jand and Pindigheb) were not posted since 2011 due to which the performance of these centers is being effected besides incurring of expenditure of millions of rupees of the government on construction and provision of equipment, furniture and fixtures.

Audit was of the view that the lapse was occurred due to weak supervisory and internal controls.

The matter was pointed out in September 2018. The management noted the observation.

The matter was further reported to the administrative department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite issuance of reminders in October, November and December 2018.

Audit recommends that the matter be looked into, responsibility be fixed and action be taken against the person responsible for the lapse.

The WMOs may be posted in the stated RHCs at the earliest to achieve the purpose of construction and provision of machinery and equipment at the two stations.

(PDP No.27218 – DPWO, Attock – 2017-18)