



AUDIT REPORT
ON THE ACCOUNTS OF
TEHSIL MUNICIPAL ADMINISTRATIONS
DISTRICT DERA GHAZI KHAN

AUDIT YEAR 2012 - 2013

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AGP	Auditor General of Pakistan
AIR	Audit and Inspection Report
B&R	Building & Road
DAC	Departmental Accounts Committee
DG	Directorate General
IPSAS	International Public Sector Accounting Standards
LG & RD	Local Government and Rural Development
MB	Measurement Book
MEFDAC	Memoranda for Departmental Accounts Committee
MRS	Market Rate Schedule
NAM	New Accounting Model
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PFR	Punjab Financial Rules
PLGO	Punjab Local Government Ordinance, 2001
PPRA	The Punjab Procurement Regulatory Authority
S&GAD	Services and General Administration Department
TAC	Tehsil / Town Accounts Committee
TMA	Tehsil / Town Municipal Administration
TMO	Tehsil / Town Municipal Officer
TO (F)	Tehsil / Town Officer (Finance)
TO (I&S)	Tehsil / Town Officer (Infrastructure & Services)
TO (P&C)	Tehsil / Town Officer (Planning & Coordination)
TO (R)	Tehsil / Town Officer (Regulation)
TSE	Technically Sanctioned Estimate

Preface

Article 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973 and section 115 of the Punjab Local Government Ordinance, 2001 require the Auditor General of Pakistan to conduct the audit of the receipts and the expenditure of the Local Fund and Public Accounts of Tehsil/ Town Municipal Administrations of the Districts.

The report is based on Audit of Tehsil Municipal Administrations of District D.G Khan for the year 2011-12. The Directorate General of Audit District Governments Punjab (South), Multan, conducted audit during 2012-13 on test check basis with a view to reporting significant findings to relevant stakeholders. The main body of Audit Report includes only the systemic issues and audit findings carrying value of Rs.1 million or more. Relatively less significant issues are listed in the Annexure-1 of the Audit Report. The Audit observations listed in the Annexure-1 shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the Audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

Most of the observations included in this Report have been finalized in the light of written responses and discussion with the management.

The Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 115 of the Punjab Local Government Ordinance 2001, for causing it to be laid before the Provincial Assembly of the Punjab.

Islamabad
Dated:

(Muhammad Akhtar Buland Rana)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Directorate General Audit, District Governments, Punjab (South), Multan, a Field Audit Office of the Auditor General of Pakistan is responsible to carry out the audit of all District Governments in Punjab (South) including Tehsil and Town Municipal Administrations. Its Regional Directorate of Audit, D.G.Khan has audit jurisdiction of District Governments, TMAs and UAs of four Districts i.e. D.G.Khan, Rajanpur, Layyah and Muzaffargarh.

The Regional Directorate has human resource of 21 officers and staff, constituting 4242 man days and a budget allocation of Rs3.723 million per financial year. It has the mandate to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance Audit of entities, projects and programs. Accordingly Regional Director Audit D.G.Khan carried out audit of the accounts of one TMA of District D.G Khan for the financial year 2011-12 and the findings included in the Audit Report.

Each Tehsil Municipal Administrations in District D.G.Khan is headed by a Tehsil Nazim / Administrator. He/she carries out operations as per Punjab Local Government Ordinance, 2001. Tehsil Municipal Officer is the Principal Accounting Officer (PAO) and acts as coordinating and administrative officer, responsible to control land use, its division and development and to enforce all laws including Municipal Laws, Rules and By-laws. The PLGO 2001 requires the establishment of Tehsil / Town Local Fund and Public Account for which Annual Budget Statement is authorized by the Tehsil Nazim / Tehsil Council / Administrator in the form of Budgetary Grants.

The total Development Budget of one TMA in District D.G Khan mentioned above, for the financial year 2011-12 was Rs65.205 million and expenditure incurred of Rs45.247 million showing savings of Rs19.958 million in the year. The total Non development Budget for financial year 2011-2012 was Rs431.81 million and expenditure of Rs414.60 million, showing savings of Rs17.21 million. The reasons for savings in Development and Non development Budgets are required to be provided by the TMO and PAO concerned.

Audit of TMA of District D.GKhan was carried out with the view to ascertain that the expenditure was made with proper authorization, in conformity with laws/ rules/ regulations, economical procurement of assets and hiring of services etc.,

Audit of receipts / revenues was also conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules and there was no leakage of revenues and revenue did not remain outside Government account/ Local Fund.

a. Audit methodology

Audit was conducted after understanding the business processes of TMA with respect to its functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped the Auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity. Audit used desk audit techniques for analysis of compiled data and review of permanent files / record. Desk Audit greatly facilitated identification of high risk areas for substantive testing in the field.

b. Audit of Expenditure and Receipts

Total Development Budget allocation for financial year 2011-12 was Rs65.205 million, out of which total expenditure was Rs45.247 million. Audit of the development expenditure of Rs19.456 million was carried out which was 43% of total expenditure. Audit of Non Development expenditure of Rs136.818 million out of total expenditure of Rs414.60 million for the year was conducted which is 33% of total expenditure. Total overall expenditure of the TMAs of District D.G.Khan for the year 2011-12 was Rs459.847 million, out of which, overall expenditure of Rs170.143 million was audited which, is 37% of total expenditure. Therefore, there was 100% achievement against the planned audit activities.

Total receipt of TMA District D.G Khan for the financial year 2011-12 was Rs462.377 million. RDA, D.G.Khan audited receipt of Rs245.060 million which is 53% of the total receipts.

c. Recoveries at The Instance of Audit

Recoveries of Rs64.207 million were pointed out through various audit paras but no recovery was effected till compilation of this Report.

d. Desk Audit

Desk review helped auditors in understanding the systems, procedures, environment of entity and identification of high risk areas for additional compliance testing in the field. The Audit Command Language (ACL) was applied centrally on the Payroll part of appropriation account. As a result, certain irregularities and overpayments were identified, which were communicated to field audit officers for verification and follow-up action.

e. The Key Audit Findings of the Report;

- i. Violation of rules / financial propriety amounting to Rs54.185 million was noted in 06 cases.¹
- ii. Non realization of government dues amounting to Rs62.924 million in 05 cases was noted.²
- iii. overpayment amounting to Rs 1.283 was noted in 01 cases.³

Audit Paras on the accounts for 2011-12 involving procedural violations including internal control weaknesses and irregularities which were not considered worth reporting to Provincial PAC, have been included in Memorandum For Departmental Accounts Committee, (Annexure-A).

¹Para 1.2.1.1, 1.2.1.4, 1.2.1.7, 1.2.1.8, 1.2.1.9, 1.2.1.10

²Para 1.2.1.2, 1.2.1.3, 1.2.1.5, 1.2.1.6, 1.2.1.11

³Para 1.2.1.12

f. Recommendations

Audit recommends the Tehsil Municipal Administration (TMA) to focus on the following issues.

- i. Production of record to audit for verification
- ii. Compliance of relevant laws, rules, instructions and procedures, etc.
- iii. Expediting recoveries pointed out by Audit as well as others recoverable in the notice of management
- iv. Strengthening of internal controls
- v. Holding of DAC meetings well in time
- vi. Proper maintenance of accounts and record
- vii. Appropriate actions against officers/officials responsible for negligence in performance of duties and achievement of targets
- viii. Addressing systemic issues to prevent recurrence of various omissions and commissions.

SUMMARY, TABLES & CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Budget/Expenditure
1.	Total Entities (PAOs) in Audit Jurisdiction	03	745.523
2.	Total formations in audit jurisdiction	03	745.523
3.	Total Entities (PAOs) Audited	01	497.015
4.	Audit & Inspection Reports	01	497.015
5.	Special Audit Reports	Nil	Nil
6.	Performance Audit Reports	Nil	Nil
7.	Other Reports	Nil	Nil

Table 2: Audit Observation Classified by Categories

(Rupees in million)

Sr. No.	Description	Amount Placed under Audit Observation
1.	Asset management	-
2.	Financial management	89.363
3.	Internal controls	1.283
4.	Violation of rules	27.746
5.	Others	0
Total		118.392

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

Sr. No.	Description	Physical Assets	Salary	Non Salary	Civil Works	Receipts	Total Current Year	Total last year
1	Outlays audited	-	213.809	200.791	45.247	462.377	922.224	526.417
2	Amount placed under audit observations /irregularities pointed out	-	13.543	0	13.333	91.516	118.392	135.834
3	Recoveries pointed out at the instance of audit	-	-	-	1.283	62.924	64.207	53.084
4	Recoveries accepted /established at the instance of audit	-	-	-	-	-	-	-
5	Recoveries realized at the instance of audit	-	-	-	-	-	-	-

* The amount mentioned against Serial No.1 in column of "Total" is the sum of Expenditure and Receipts whereas the total expenditure for the period was Rs459.847 million.

Table 4: Irregularities Pointed Out**(Rupees in million)**

Sr. No.	Description	Amount Placed under Audit Observation
1.	Violation of rules and regulations and violation of principle of propriety and probity in public operations.	27.746
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	0
3.	Accounting errors (accounting policy departure from NAM ¹ , 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.	0
4.	Quantification of weaknesses of internal control systems	1.283
5.	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies	89.363
6.	Non production of record	0
7.	Others, including cases of accidents, negligence, non accountal of store etc.	0
Total		118.392

CHAPTER-1

1. Tehsil Municipal Administrations, District D.G.Khan

1.1 Introduction

Tehsil Municipal Administration (TMA) consists of Tehsil Nazim, Tehsil Naib Nazim and Tehsil Municipal Officer. Each TMA comprises five Drawing and Disbursing Officers i.e. TMO, TO (Finance), TO Infrastructure & Services (I&S), TO (Regulation), TO Planning and Coordination (P&C), Tehsil Nazim and Tehsil Naib Nazim. The main functions of TMAs are as follows:

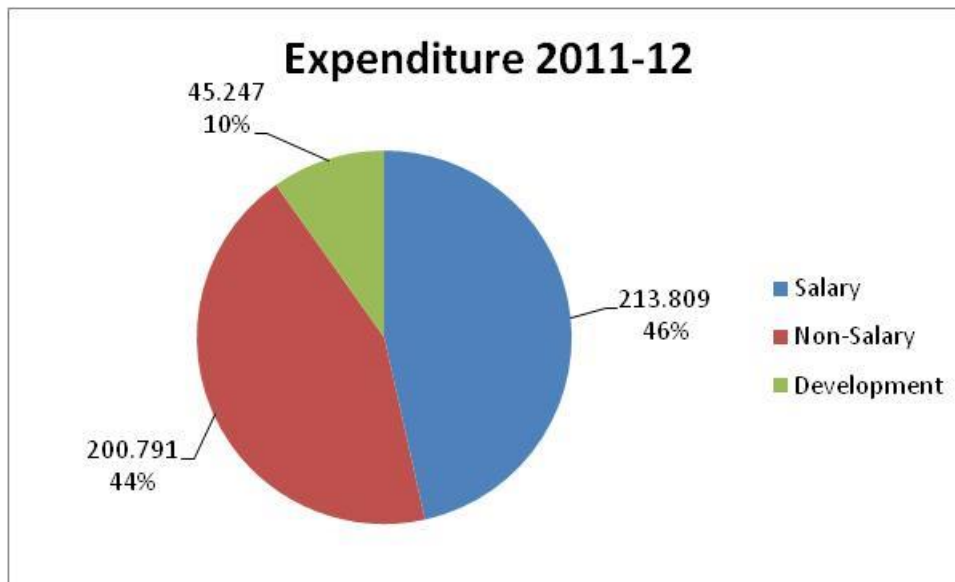
- i. Enforce all municipal laws, rules and bye-laws governing TMA's functioning;
- ii. Prepare budget, long term and annual municipal development programmes in collaboration with the Union Councils;
- iii. Propose taxes, cesses, user fees, rates, rents, tolls, charges, surcharges, levies, fines and penalties under Part-III of the Second Schedule and notify the same;
- iv. Collect approved taxes, cess, user fees, rates, rents, tolls, charges, fines and penalties;
- v. Manage properties, assets and funds vested in the Tehsil Municipal Administration;
- vi. Develop and manage schemes, including site development in collaboration with District Government and Union Administration;
- vii. Issue notice for committing any municipal offence by any person and initiate legal proceedings for commission of such offence or failure to comply with the directions contained in such notice;
- viii. Prosecute, sue and follow up criminal, civil and recovery proceedings against violators of Municipal Laws in the courts of competent jurisdiction;
- ix. Maintain municipal records and archives.

1.1.2 Comments on Budget and Accounts (Variance Analysis)

(Rupees in million)

	Final Budget	Expenditure	Excess (+)/ Saving(-)	%Saving
Salary	216.396	213.809	2.587	1.195
Non Salary	215.414	200.791	14.623	6.788
Development	65.205	45.247	19.958	30.608
Total	497.015	459.847	37.168	

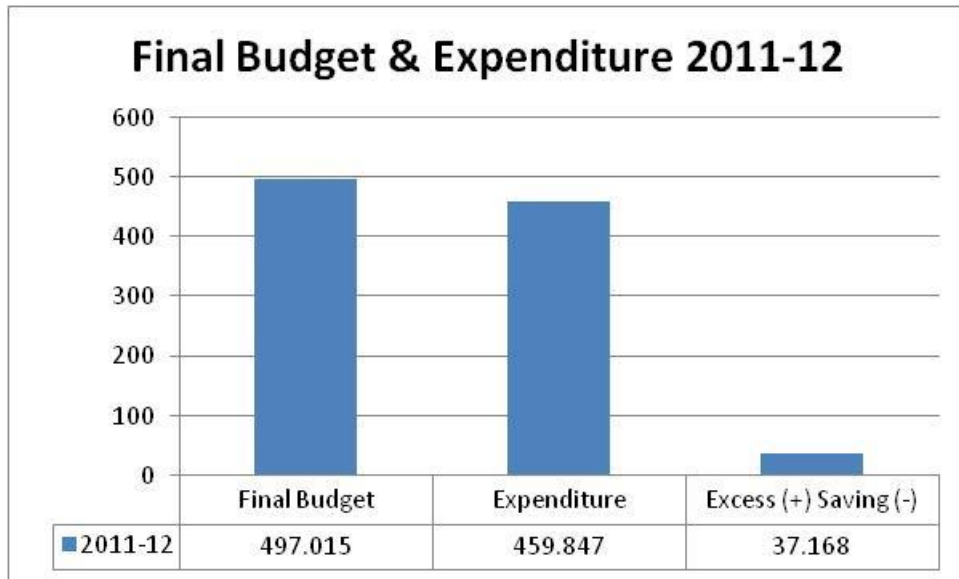
(Rupees in million)



Details of the budget allocations, expenditures and savings of the TMA of District D.G.Khan for the financial year are at Annexure-B.

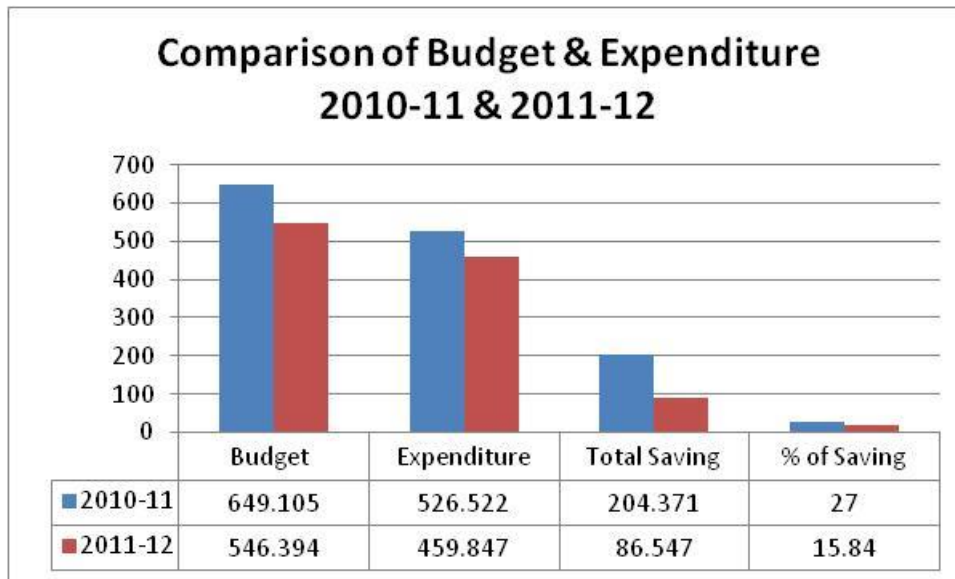
As per the budget book the expenditure relating to TMA in District D.G Khan was Rs459.847 million against original budget of Rs497.015 million. There was a saving of Rs37.168 million for which the reasons should be explained by the PAO, Tehsil Nazims and management of TMAs.

(Rupees in million)



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

(Rupees in million)



There was overall saving in the budget allocations for the financial year 2011-12 are as follows:

(Rupees in million)

Financial Year	Budget Allocation	Expenditure	Total Saving	% of Saving
2010-11	649.105	526.522	204.371	27.00
2011-12	546.394	459.847	86.547	15.84

The justification of saving when the development schemes have remained incomplete is required to be provided/ explained by PAO and TMO concerned.

Audit Paras

1.2 Tehsil Municipal Administration Dera Ghazi Khan

1.2.1 Non-Compliance of Rules

1.2.1.1 Loss due to Non Approval of Residential Schemes - Rs26.439 million

According to Rule 60, (C)Chapter VIII of Commercialization Rules 2008 “The conversion fee for the conversion of peri-urban area or intercity services area to residential use shall be one percent of the value of the commercial land as per valuation table. Further as per By Laws approved by TMA D. G. Khan for the fee of approval for residential colony @400/ per Marla. Further according to Rule 4.7 (1) PFR Vol-I, it is the duty of the departmental authorities to see that all Government dues/revenues which have to be brought to account are correctly and promptly assessed, realized and credited to Government account.

Tehsil Municipal Officer did not forced the owner of newly established colonies to fulfill the codal requirements and approval of such residential schemes remained pending due to which TMA sustained loss of Rs26.439 million during 2011-12 as detail in Annexure-C.

Due to weak implementation of government policy, the unregistered colonies were established.

Non registration of residential schemes caused loss to Local Government.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned causing loss of public money under intimation to Audit.

[AIR Para 3]

1.2.1.2 Non Recovery of Pending Liabilities/Arrear - Rs20.807 million

As per Rule 76 of Punjab District Government and TMA (Budget) Rules 2003, the primary obligation of collecting officers shall be to ensure that all revenue due is claimed, realized and credited immediately into the Local Government fund under the proper receipt head. Further Rule 4.7 (1) PFR Vol-I states that it is the duty of the departmental authorities to see that all Government dues/revenues which have to be brought to account are correctly and promptly assessed, realized and credited to Government Account.

Tehsil Municipal Officer collected only Rs3.924 million out of arrears fee / taxes of Rs24.731 million pending since long. The non recovery of arrears resulted loss of Rs20.807 million as detailed below:

(Amount in Rupees)

Sr. No.	Name	Recoverable	Recovered	Balance
1	Arrear of water rate	8,000,000	1,375,526	6,624,474
2	Arrear of Shops	8,000,000	2,548,858	5,451,142
3	Arrear of Tehbazari	25,000	00	25,000
4	Arrear of License Food and Drinks	573,000	00	573,000
5	Arrear of Octroi (As Land Revenue)	6,600,000	00	6,600,000
6	Arrears of Board Rent	1,533,000	00	1,533,000
Total		24,731,000	3,924,384	20,806,616

Due to weak financial control, revenue was not recovered by the department.

Less recovery of revenue resulted in loss to Local Government.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned for non recovery of dues besides recovery of said amount.

[AIR Para 12]

1.2.1.3 Recovery of Outstanding Rent of Shops - Rs20.246 million

According to Rule 76 (1) of the PDG and TMA (Budget) Rules 2003, the primary obligation of the Collecting Officer shall be to ensure that all revenue due is claimed, realized and credited immediately into Local Government Fund under proper receipt head.

Tehsil Municipal Officer failed to recover the full amount of leases of shops during 2011-12. An amount of Rs20.246 million on account of rent of shops situated in different markets remained outstanding as on June 2012. Neither any action was taken for recovery of said amount nor penalty for late deposit was imposed. The detail is as below:

(Amount in Rupees)

Name of Market	Total Shops	Period	Amount due for the year 2011-12
Golai Committee	60	01.07.2011 to 30.06.2012	4,090,584
Block Nos.12,11,8 and 7	48	01.07.2011 to 30.06.2012	2,754,256
Old Sabzi Mandi	240	01.07.2011 to 30.06.2012	9,629,568
Ghanta Ghar Bagh	48	01.07.2011 to 30.06.2012	2,102,124
Hospital Market	42	01.07.2011 to 30.06.2012	1,405,742
Ghazi Park	01	01.07.2011 to 30.06.2012	264,000
Total			20,246,274

Due to weak financial control, heavy amount on account of rent of shops remained outstanding.

Non recovery of rent of shops caused loss to Local Government.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned for non recovery of Government revenue besides recovery of said amount.

[AIR Para 4]

1.2.1.4 Unauthorized Payment on Account of Salaries of Contingent Paid Staff - Rs13.543 million

According to Para-VII of Government of Punjab Finance Department Letter No. FD.SO (GOOD)44-4/2011 dated 23.7.2011, no contingent paid staff shall be appointed without obtaining the prior approval of Finance Department.

Tehsil Municipal Officer appointed contingent paid staff in various categories and paid salaries for Rs13.543 million during 2011-12 without obtaining prior approval of Finance Department. Further instead of adopting proper process for appointment of contingent employees, the same employees was re-appointed for 89 days intervals again and again. The detail is given as below:

(Amount in Rupees)

Employee	Qty and @ PM	Period	Amount
Sanitary Worker Sanitation	72x8066x12	01.07.2011 to 30.06.2012	6,969,024
Gari Ban Sanitation Department	06x8566x12	-do-	616,752
Sanitary Worker Nawaz Sharif Park	52x8066x12	-do-	5,033,184
Computer Operator	07x11000x12	-do-	924,000
Total			13,542,960

Audit was of the view that appointment of contingent paid staff and payment of salaries without approval of Finance Department was due to poor financial management.

The appointment of contingent paid staff without prior approval Finance Department was unauthorized.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility for appointing contingent paid staff without proper approval beside regularization of expenditure from the competent authority.

[AIR Para 19]

1.2.1.5 Loss due to non Implementation of Commercialization Rules - Rs12.230 million

According to Rule 60 (a) of Chapter VIII of Commercialization Rules 2008 “The conversion fee for the conversion of residential, peri-urban area or intercity service area to commercial use shall be twenty percent of the value of the commercial land as per valuation table. Further according to Rule 4.7 (1) PFR Vol-I “it is the duty of the departmental authorities to see that all Government dues/revenues which have to be brought to account are correctly and promptly assessed, realized and credited to Government account.

Tehsil Municipal Officer did not recover commercialization charges of Rs12.230 million during 2011-12 from CNG stations established in Dera Ghazi Khan city and also NOCs issued by TMA authorities to CNG filling stations. The detail is as below:

(Amount in Rupees)

Name of CNG pump and Shop	NOC No	Area in Marla	Value of per Marla	Commercialization charges @ 20%
Nasuha CNG Multan Road	1325/6.6.06	20.5	100,000	410,000
Apna CNG Gadai	1495/14.4.06	20	100,000	400,000
Al-Habib CNG Gadai	1520/30.6.06	38	100,000	760,000
Hafiz CNG Multan Road	1521/30.06.06	24	100,000	480,000
Raza CNG Gadai	3720/23.12.06	50	100,000	1,000,000
Faiz & sons CNG Gadai	3724/30.06.06	35	100,000	700,000
Mono Bite CNG	331/12.04.05	20	250,000	1,000,000
Masha Allah CNG	340/14.04.06	40	400,000	3,200,000
DG CNG	2091/13.09.06	41	400,000	3,280,000
Speed CNG	3412/24.11.06	50	100,000	1,000,000
Total				12,230,000

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the person concerned for non recovering commercialization fee from CNG filling stations besides recovery of the same into Government account.

[AIR Para 7]

1.2.1.6 Less Recovery of Water Rate – Rs8.170 million

According to Rule 76 (1) of the PDG and TMA (Budget) Rules, 2003, the primary obligation of the Collecting Officer shall be to ensure that all revenue due is claimed, realized and credited immediately into Local Government Fund under proper receipt head.

Tehsil Municipal Officer did not recover outstanding water rate charges for Rs8.170 million from 16,094 domestic and commercial connections holders pertaining to financial years 2011-12. Neither serious efforts were made nor penalty was imposed for non-payment. The detail is as below:

(Amount in Rupees)

Types of connection	No. of connection	Rate Per Year	Amount recoverable	Amount Recovered	Balance
Home	15,715	600	9,429,000	2,032,100	7,396,900
Commercial	379	3,600	1,364,400	591,576	772,824
Total	16,094		10,793,400	2,623,676	8,169,724

Due to weak financial control, water rate was not recovered by the department.

Less recovery of water rate from water users resulted in loss to Local Government.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned for non recovery of pending water rates from water users besides recovery of said amount under intimation to it.

[AIR Para 17]

1.2. 1.7 Unauthorized Approval of TSE from the Irrelevant Authority - Rs5.150 million

According to Chief Engineer LG&RD Department Letter No CE(HQ) PLGB-6/2008 dated 13-05-2008, the scheme beyond the competency of TO(I&S) should be forwarded to the Chief Engineer for Technical Sanction.

Tehsil Municipal Officer got the estimates of development schemes valuing Rs5.150 million technically sanctioned from irrelevant authorities i.e DO (Roads) and SE Public Health during 2011-12 instead of proper Local Government authority as described in above instructions. The detail is as below:

(Rupees in million)

Name of Scheme	Sanctioned by	Competent Authority	Cost
Supply Scheme Sirkani Mauza Gadai Shumali	SE PHED	CE LG	2.150
Patch Work/ Resurfacing of Mettalled Road D.G.Khan City Part-I	DO Roads	-do-	3.000
Total			5.150

Due to weak internal and technical control, development scheme was approved from irrelevant authority.

It is question on the jurisdiction of department and show lack of coordination among departmental authorities.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned and scheme should be got regularized from the competent authority under intimation to audit.

[AIR Para 15]

1.2. 1.8 Unauthorized Splitting of Schemes - Rs4.900 Million

According to Para 2.70 of B&R Code and vide Finance Deptt. Letter No.FD(D-11)10(3)90 Dated 27th June 1991, the splitting will have to be got approved from the Chief Engineer concerned. Further, according to Rule 15.2 (c) of Punjab Financial Rules, Vol-I, expenditure 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.

Tehsil Municipal Officer split one development scheme into two schemes valuing Rs4.900 million during 2011-12 without approval of the Chief Engineer. The scheme was split to avoid obtaining the sanction of higher authority. The detail is as below:

(Rupees in million)

Name of Scheme	Contractor	Work order No./Date	TS Cost
Patch Work/ Resurfacing of Metalled Road D.G.Khan City Part-I	M/S Hassan Enterprises.	4055/3.10.2010	3.000
Patch Work/ Resurfacing of Metalled Road D.G.Khan City Part-II	Umair Const. Co. D.G.Khan	4052/3.10.2010	1.900
Total			4.900

Due to weak internal and technical control, development scheme was split up by the department.

The splitting of scheme resulted the incurrence of expenditure unauthorized.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned and expenditure should be got regularized from the competent authority.

[AIR Para 13]

1.2.1.9 Unauthorized Adjustment of Earnest Money – Rs2.153 million

According to Local Government and Rural Development Department notification No. SOR (LG)5-23/2003 dated 5th September 2007, before taking part in an auction proceeding, a bidder shall deposit, in the funds of the local government concerned, an amount not less than five percent of the reserve price for the income, as an earnest money, and up to the maximum limit of sixty percent of the so deposited earnest money be adjusted against the amount payable by him as first monthly installment. The balance earnest money shall be retained by the local government as a security for successful completion of contract.

Tehsil Municipal Officer adjusted whole of the earnest money of the contractors including Rs2.153 million in the contractors' 1st installment during 2011-12 instead of retaining the same as security till successful completion of the contracts. The detail is as below:

(Amount in Rupees)

Name of Contract/Fee	Contract Amount	Total Earnest Money i.e.5%	2% Earnest Money
Cattle Mandi	90,300,000	4,515,000	1,806,000
Wagon Stand Fee	4,415,000	220,750	88,300
Pathar Bijri Fee	4,510,000	225,500	90,200
Dalla Stand Fee	2,060,000	103,000	41,200
Advertisement Fee	558,3000	279,150	111,660
Latrine Fee	375,000	18,750	7,500
Canteen Nawaz Park	423,000	21,150	8,460
Total			2,153,320

Due to poor financial management, all the earnest money was adjusted in first installment.

Adjusting of earnest money before completion of contracts resulted in unsecured leases and violation of government instructions.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned for favouring the contractor in undue way.

[AIR Para 5]

1.2.1.10 Non Invitation of Tenders - Rs2.000 million

According to Clause 12(1) of Punjab Public Procurements Rules 2009, procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website in the manner and format specified by regulation by the PPRA from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Tehsil Municipal Officer executed schemes costing Rs2.000 million without calling tender despite the facts that the schemes were costing more than Rs100,000 in violation of above rule, as detailed below:

(Amount in Rupees)

Name of Scheme	W/O No Date	Date of quotation	Period of Execution	Cost of Scheme
Repair and restoration of old sewerage lines manholes urban area D.G.Khan	04.06.2011	01.06.2011	6/2011 to 9/2011	1,000,000
Desilting of drains and sewerage lines/manholes urban area D.G.Khan	500/04.06.2011	01.06.2011	6/2011 to 9/2011	1,000,000
Total				2,000,000

Due to weak financial control, development schemes were not advertised deliberately by the department.

Fair competition was avoided which resulted loss to Government.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned and expenditure to be got regularized from competent authority.

[AIR Para 24]

1.2.1.11 Non Deposit of Sales Tax and Income Tax - Rs1.471 million

According to Rule 4.1 of PFR Vol-1, the departmental controlling officer should see that all sums due to Government are regularly received and checked against demand and that they are paid into treasury.

Tehsil Officer (Finance) retained deducted amount of Rs1.471 million in DDO account from the payments to the supplier on account of GST and Income Tax during 2011-12. The deducted amount against GST and Income Tax was not deposited in the FBR account in due time as per detail given below:

(Amount in Rupees)

Particular	Period	Amount
GST	01.10.11 to 30.06.12	387,126
Income Tax	03.04.12 to 30.06.12	1,084,084
Total		1,471,210

Due to weak financial control, Government taxes deducted at source were not deposited in time.

Retaining of Federal Government in the Local Government Account was unauthorized.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned for not depositing the Government receipts in Government Account besides depositing the same in the respective account of Government without further delay.

[AIR Para 26]

1.2.1.12 Recovery of Unjustified Payment of Contractor Profit and Overhead Charges - Rs1.283 million

As per Finance Department letter No. RO (TECH) FD.18-23/2004 dated 21-09-2004, all the store items are required to be purchased as per rules laid in purchase manual and no contractor profit and overhead charges are allowed to the contractor.

Tehsil Municipal Officer made an overpayment of Rs1.283 million on account of contractor profit and overhead charges despite the fact that same was not allowed on store items during 2011-12. The detail is as below:

(Amount in Rupees)

Voucher No/Date	Description	Paid to	Cost	Profit
25/07-11	Purchase of generator 15KVA	M Ali	1,410,000	282,000
125/09-11	Purchase of Mechanical Sweeper Machine	-do-	1,130,000	226,000
182/09-11	Purchase of spare parts for Disposal works	M Farooq	182,335	11,910
233/09-11	Purchase of Spare Parts for Car DGE-5253	M Nazeer	187,000	37,400
281/09-11	Purchase of Spare Parts Cultus DGK-222	-do-	122,000	24,400
222/11-11	Purchase of electric Gross cutter Machine	-do-	132,025	11,200
360/11-11	Purchase of Mechanical Sweeper Machine	M Ali	2,260,000	452,000
34/12-11	Purchase of Spare Parts Jeep RP-412	M Nazeer	96,700	17,340
330/01-12	Purchase of Spare Parts Suzuki jeep	-do-	86,800	10,926
391/01-12	Purchase of Tyres Tubes Tractor No-1324	Waqas	177,800	35,560
392/01-12	Purchase of Tyres Tubes Tractor No-2316	-do-	177,800	35,560
425/02-12	Purchase of Spare Parts WSS Thull Alu	Murad sons	219,200	42,160
261/03-12	Purchase of Spare Parts WSS DGKhan	Zafar Haider	517,879	96,794
Total				1,283,250

Due to weak financial management, the unjustified contractor profit and overhead profit was paid.

Unjustified payment of contractor profit resulted in loss to Local Government.

The matter was reported to TMO in August, 2012. Neither the reply was submitted nor convened the DAC meeting despite written request made vide this office letter No. RDA/DGK/CD-640-41 dated 24.09.2012.

Audit recommends fixing of responsibility on the officer concerned besides recovery of overpaid amount.

[AIR Para 2]

Annexures

Annexure-1**(Amount in Rupees)**

Sr. No.	Formation	Para No.	Subject	Amount	Nature of Observation
1.	TMA D.G.Khan 2011-12	1	Less Recovery of Cost of Land from Allottees of Kachi Abadies	287,500	Recovery
2.	-do-	6	Non recovery of license fee	300,800	-do-
3.	-do-	10	Unauthorized Payment due to Execution of Works without Technical Sanction, Measurements and Tender	920,627	Violation of rule
4.	-do-	14	Loss Due To Non Imposition of Penalty	330,000	Recovery
5.		18	Unjustified Expenditure Without Calling Tenders	194,500	Violation of rule
6.	-do-	20	Non Deduction of Advance Income Tax	818,650	Recovery

Annexure-A**MEFDAC PARAS****(Amount in Rupees / million)**

Sr. No.	Formation	Para No.	Subject	Amount
1.	TMA D.G.Khan 2011-12	8	Unjustified revision of TSE by enhancing the scope of work	322,400
2.	-do-	9	Unauthorized expenditure due to lapse of sanction.	3.338 million
3.	-do-	11	Non deposit of additional performance security required for below par quotations	313,000
4.	-do-	16	Unjustified expenditure on account of flood relief operation.	220,170
5.		21	Unauthorized clearance of outstanding liabilities.	2.226 million
6.	-do-	22	Non recovery of house building advance from employees.	434,500
7.		23	Non Achievement of Receipt Targets.	14.889 million
8.	-do-	25	Unjustified expenditure on repair of vehicle.	574,700
9.	-do-	27	Doubtful consumption of POL due to non production of log books.	340,691

TMA D.G.Khan District**Budget and Expenditure Statement for Financial Years 2011-2012****1. TMA, D.G.Khan District Budget and Expenditure details****(Rupees in million)**

	Budget	Actual	Excess (+)/ Saving(-)	%Saving
Salary	216.396	213.809	2.587	1.195
Non Salary	215.414	200.791	14.623	6.788
Development	65.205	45.247	19.958	30.608
Revenue	538.168	462.377	75.791	14
Total	1035.183	922.224	112.959	

Annexure-C

[Para 1.2.1.1]

Detail of Loss due to Non Approval of Residential Schemes

Application Date	Name of Colony	Mouza	Area in Marla	Rate Per Marla	Amount
11/1/2008	Sana Velly	Gadai Gharbi	2320	400	928,000
11/9/2009	Silver Sand	-do-	3770	400	1,508,000
7/12/2009	Rafiq Model City	-do-	3120	400	1,248,000
27-01-10	Shahzada Sultan town	Dera Gharbi	3650	400	1,460,000
3/2/2010	Usman Model City	Noor Wah	1300	400	520,000
11/2/2010	Palm City	Dagar Chit	5600	400	2,240,000
17-02-10	Awais Town	Churatta	720	400	288,000
-do-	Aab-e- Hayat Town	-do-	700	400	280,000
2/3/2010	Canal City	Gafai Sharqi	2840	400	1,136,000
8/3/2010	Bilal Town	Dhada Pula	555	400	222,000
13-03-10	Canal View	Gadai Gharbi	3560	400	1,424,000
-do-	Qasim City	Wadoor	357	400	142,800
20-03-10	Sakhi Sarwar Town	Gadai Gharbi	413	400	165,200
-do-	Gulshan Atta	Churatta	900	400	360,000
-do-	Hijazi Town	K Sikhani	1500	400	600,000
-do-	City Street	Gadai Shumali	200	400	80,000
-do-	Khyabane Shafi	Wadoor	193	400	77,200
-do-	Faiz Yasin Town	Gadai sharqi	500	400	200,000
-do-	Rafiq Town	Gadai Shumali	360	400	144,000
-do-	Muneeb Town	-do-	800	400	320,000
-do-	Anas Town	Churatta	618	400	247,200
-do-	Gul Villas	Ghadai Gharbi	740	400	296,000
-do-	Naveed Town	Ghadai Shumali	480	400	192,000
-do-	Gulshan Zara	K Sikhani	880	400	352,000
-do-	Rafiq Jamil Town	Churatta	939	400	375,600
-do-	Rafiq Ahsan Town	Dera Gharbi	1150	400	460,000
22-03-10	Gulshan Hafeez	Gadai Shumali	1120	400	448,000
do	Jamil Town	Churatta	2000	400	800,000
24-03-10	Amin Town	K Chutta	800	400	320,000
27-03-10	DG 3 Marla	Gadai Shumali	1600	400	640,000
-do-	Khyabane Mumtaz	Gadai Shumali	2080	400	832,000
-do-	Khyabane Abubakar	-do-	535	400	214,000
-do-	Khizar Town	K Sikhani	1078	400	431,200
-do-	Hamid Model City	Gadai Shumali	740	400	296,000
-do-	Khyabane Mumtaz II	Wadoor	160	400	64,000
-do-	Khyabane Shaikh Ahmad	-do-	800	400	320,000
-do-	Saad Ashraf Town	-do-	400	400	160,000
-do-	Al Rafiq sipal Town	-do-	790	400	316,000
29-03-10	Sikander Town	Gadai Shumali	1180	400	472,000
30-03-10	Pairis Town	Churatta	720	400	288,000
-do-	Al-Janat Town	Churatta	1020	400	408,000
-do-	Qasim Town	Gadai sharqi	820	400	328,000
29-03-10	Sadaqat Town	Gadai Shumali	960	400	384,000
30-03-10	Al-Abas Town	Khakhi	322	400	128,800
1/4/2010	Ali Town	Gadai Shumali	540	400	216,000
-do-	Defence View	Gadai Shumali	3120	400	1248,000
-do-	Khyabane Akbar	M Ahmdani	3020	400	1208,000
-do-	Khyabane Umer	Churatta	1820	400	728,000
13-10-10	Bahrin City	-do-	840	400	336,000
-do-	Al-Arab City	-do-	618	400	247,200
-do-	Taj-e- Madina	-do-	480	400	192,000
20-10-10	Sahara Town	-do-	320	400	128,000
-do-	Hasan Town	-do-	21	400	8,400
-do-	Akram Town	-do-	28	400	11,200
Total					26,438,800