



**AUDIT REPORT
ON
THE ACCOUNTS OF
UNION ADMINISTRATIONS
BAHAWALNAGAR**

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

AA	Admin Approval
ADP	Annual Development Programme
CCB	Citizen Community Board
CTN	Chishtian
DAC	Departmental Accounts Committee
DGA	Director General Audit
HND	Haroonabad
IPSAS	International Public Sector Accounting Standards
LG&CD	Local Government & Community Development
MFDAC	Memorandum for Departmental Accounts Committee
MND	Minchin Abad
NAM	New Accounting Model
PAO	Principal Accounting Officer
PLGO	Punjab Local Government Ordinance
RDA	Regional Directorate of Audit
STR	Sub Treasury Rule
TAO	Tehsil Accounts Officer
TMA	Tehsil Municipal Administration
TMO	Tehsil Municipal Officer
TO (F)	Tehsil Officer (Finance)
TO (I&S)	Tehsil Officer (Infrastructure and Services)
TO (P&C)	Tehsil Officer (Planning and Coordination)
TO (R)	Tehsil Officer (Regulations)
TS	Technical Sanction
UA	Union Administration
UC	Union Council

Preface

Articles 169 and 170 (2) of the Constitution of the Islamic Republic of Pakistan, 1973 and Section 115 of the Punjab Local Government Ordinance, 2001 and Auditor General of Pakistan's SRO (1) /2009 dated 02.03.2009 require the Auditor General of Pakistan to conduct audit of Receipts and Expenditures of the Local Fund and Public Accounts of District Governments, Town / Tehsil Municipal Administrations and Union Administrations.

The Report is based on audit of the accounts of ten Union Administrations of District Bahawalnagar for the Financial Years 2008-16. The Directorate General of Audit District Governments Punjab (South), Multan conducted audit during Audit Year 2016-17 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of Audit Report includes only the systemic issues and audit findings carrying value of Rs 1 million or more. Relatively less significant issues are listed in the Annex-A of the Audit Report. The audit observations listed in the Annex-A shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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

The Report has been finalized in the light of written responses of the management concerned and DAC directives wherever conveyed.

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

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

The Director General (DGA), District Governments, Punjab (South), Multan, is mandated to carry out audit of City District Governments and District Governments in Punjab (South) including Tehsil/Town Municipal Administrations and Union Administrations. Regional Directorate of Audit Bahawalpur has audit jurisdiction of District Governments, TMAs and UAs of three Districts i.e. Bahawalpur, Bahawalnagar and Rahim Yar Khan.

The Regional Directorate has a human resource of 27 officers and staff, constituting 4,830 mandays and the budget amounting to Rs 19.05 million was allocated in Audit Year 2016-17. The office is mandated to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly, RDA Bahawalpur carried out audit of the accounts of ten UAs of District Bahawalnagar on sample basis for the Financial Years 2008-16 and the findings included in the Audit Report.

Union Administrations (UAs) in District Bahawalnagar conduct their operations under the Punjab Local Government Ordinance 2001. UAs of District Bahawalnagar comprise Union Nazim / Administrator and not more than three secretaries namely Secretary (Union Committees), Secretary (Municipal Services) and Secretary (Community Development). Administrator designates one secretary as Principal Accounting Officer (PAO). Financial provisions of the Ordinance require every Local Government to establish Public Account. Additional Secretary (Local Government and Community Development Department) in pursuance of Section 179-A of the PLGO, 2001 appointed Tehsil Officer (Regulations) as Administrator of Union Councils falling in the respective Tehsil Municipal Administration vide notification No. SOR (LG) 39-6 / 2008 dated Lahore 24th February, 2010. According to this notification, “the Administrators shall perform the functions and exercise the powers of the Union Nazim, Naib Union Nazim and Union Councils under the Ordinance and any other law for the time being in force”.

The total development budget of ten above mentioned UAs in District Bahawalnagar for the Financial Years 2008-16, was Rs 59.314 million and expenditure incurred was Rs 19.013 million, showing savings of Rs 40.301 million. The total Non-development Budget for Financial Years 2008-16 was Rs 123.045 million and expenditure was Rs 75.959 million, showing savings of Rs 47.086 million. The reasons for savings in Development and Non-development Budgets are required to be provided by the PAOs concerned.

The total budget targets of receipts of ten Union Administrations for the Financial Years 2008-16 were Rs 156.697 million against which Rs 120.637 million were collected.

Audit of UAs of District Bahawalnagar was carried out with a view to ascertaining that the expenditure was incurred with proper authorization, in conformity with laws/rules/regulations and so as to whether the procurement of assets and hiring of services were economical or not.

Audit of receipts/revenues was also conducted to verify whether the assessment, collection, reconciliation and allocation of revenues were made in accordance with laws and rules and that there was no leakage of revenue.

a. Scope of Audit

Out of total expenditure of the UAs for the Financial Years 2008-16, auditable expenditure under the jurisdiction of Regional Director Audit, Bahawalpur was Rs 1,051.864 million covering 118 UAs. Out of this, RDA Bahawalpur audited an expenditure of Rs 94.972 million which, in terms of percentage, is 9.029% of total auditable expenditure and irregularities amounting to Rs 155.502 million were pointed out. Regional Director Audit planned and executed audit of ten UAs, i.e. 100% achievement against the planned audit activities.

Total receipts of the 118 UAs of District Bahawalnagar for the Financial Years 2008-16 were Rs 784.561 million. RDA Bahawalpur audited receipts of Rs 120.637 million which, in terms of percentage is 15.376% of total receipts and irregularities amounting to Rs 27.620 million were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 3.628 million were pointed out by Audit (out of which Rs 3.266 million of paras over one million are included in this Report) which was not in the notice of the management before audit. No recovery was effected till the time of compilation of this Report.

c. Audit Methodology

Audit was conducted after understanding the business processes of UAs with respect to functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in

understanding the systems, procedures, environment, and the audited entity before starting field audit activity.

d. Audit Impact

A number of improvements in record maintenance and procedures have been initiated by the departments concerned on pointation of Audit. However, audit impact in the shape of change in rules could not be materialized as the Provincial Accounts Committee has not discussed audit reports pertaining to Union Administrations.

e. Comments on Internal Control and Internal Audit Department

Internal control mechanism of UAs of District Bahawalnagar was not found satisfactory during audit. Many instances of weak internal controls have been highlighted during the course of audit which includes some serious lapses like execution of civil works by splitting and without maintenance of proper record by project committees. Negligence on the part of UAs authorities may be captioned as one of the important reasons for weak internal controls.

f. Key Audit Findings of the Report

- i. Non production of record was noted in one case.¹
- ii. Irregularities of Rs 65.546 million were noted in two cases.²
- iii. Internal Control Weaknesses involving an amount of Rs 3.266 million were noted in three cases.³

Audit paras on the accounts for the years 2008-16 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 (Annex- A).

¹ Para: 1.2.1.1

² Para: 1.2.2.1 to 1.2.2.2

³ Para: 1.2.3.1 to 1.2.3.3

g. Recommendations

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

- i. Strengthening of internal controls.
- ii. Holding of DAC meetings in time.
- iii. Disciplinary action against the concerned for non production of record.
- iv. Compliance of DAC directives and decisions in letter and spirit.
- v. Compliance of relative laws, rules, instructions and procedures etc.
- vi. Proper maintenance of accounts and production of record.
- vii. Appropriate actions against officers / officials responsible for violation of rules and losses.
- viii. Appointing internal auditors to strengthen internal controls.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Expenditure	Receipt	Total
1	Total PAOs in Audit jurisdiction	118	1,051.864	784.561	1,836.425
2	Total Formations/DDOs in Audit Jurisdiction	118	1,051.864	784.561	1,836.425
3	Total Entities (PAOs) Audited	*10	94.972	120.637	215.609
4	Total formations/DDOs audited	*10	94.972	120.637	215.609
5	Audit & Inspection Reports	10	-	-	-
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports (Relating to UA)	-	-	-	-

* All the ten Union Administrations had been audited for the Financial Years 2008-16

Table 2: Audit observations Classified by Catagory

(Rupees in million)

Sr. No.	Description	Amount Placed Under Audit Observation
1	Unsound asset management	-
2	Weak financial management	-
3	Weak Internal controls relating to financial management	3.266
4	Others	65.546
Total		68.812

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	Total Financial Outlay	-	514.199	146.914	390.751	784.561	1836.425	180.383
2	Outlays Audited	-	61.262	14.697	19.013	120.637	215.609*	142.227
3	Amount Placed under Audit Observation/ Irregularities Pointed Out.	-	-	3.266	65.546	-	68.812	106.535
4	Recoveries Pointed Out at the instance of Audit.	-	-	3.266	-	-	3.266	3.715
5	Recoveries Accepted/ Established at the instance of Audit.	-	-	3.266	-	-	3.266	3.715
6	Recoveries Realized at the instance of Audit.	-	-	-	-	-	-	-

* The amount mentioned against Sr. No. 02 in column of "Total Current Year" is the sum of expenditure and receipts whereas the total expenditure was Rs 94.972 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.	65.546
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from IPSAS ¹ misclassification, overstatement or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinion on the financial statement.	-
4	Quantification of weaknesses of internal control system.	-
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	3.266
6	Non-production of record.	-
7	Others, including cases of accidents, negligence etc.	-
Total		68.812

Table 5: Cost-Benefit**(Rupees in million)**

Sr. No.	Description	Amount
1	Outlays Audited (Items 2 of Table 3)	215.609
2	Expenditure on Audit	0.118
3	Recoveries realized at the instance of Audit	-
4	Cost-Benefit Ratio	-

¹ The Accounting Policies and Procedures prescribed by the Auditor General of Pakistan which are IPSAS (Cash) compliant.

CHAPTER 1

1.1 Union Administrations, Bahawalnagar

1.1.1 Introduction

Union Administration (UA) consists of Union Nazim, Union Naib Nazim and not more than three Secretaries namely Secretary (Union Committees), Secretary (Municipal Services) and Secretary (Community Development). Each UA has one Drawing & Disbursing Officer.

There are 118 UAs in District Bahawalnagar out of which UAs number 11, 12, 13, 14, 15, 72, 73, 74, 75 and 76 were audited on sample basis during 2016-17.

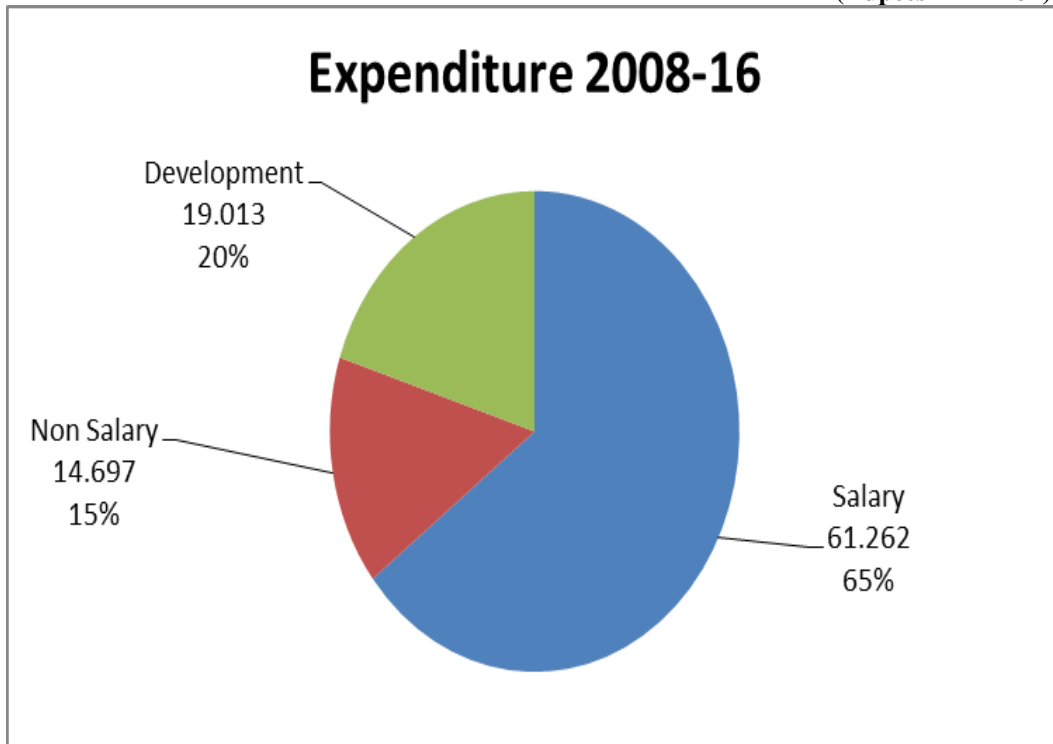
1.1.2 Comments on Budget and Accounts

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

(Rupees in million)

2008-16	Budget	Actual	Excess (+) / Saving (-)	% (Saving)
Salary	91.772	61.262	-30.51	-33.25%
Non Salary	31.273	14.697	-16.576	-53.00%
Development	59.314	19.013	-40.301	-67.95%
Total	182.359	94.972	-87.387	-47.92%
Revenue	156.7	120.637	-36.063	-23.01%

(Rupees in million)

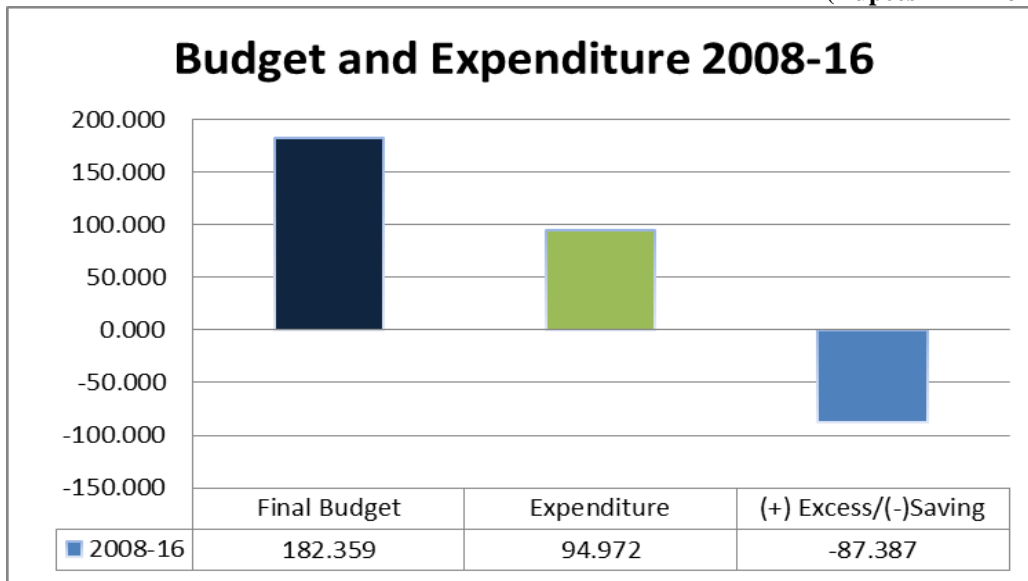


Details of budget allocations, expenditures and savings of each UA of District Bahawalnagar for the Financial Years 2008-16 are at Annex-B.

As per Budget Books for the Financial Years 2008-16 of UAs in District Bahawalnagar, the original and final budget of audited ten UAs was Rs 182.359 million. Total expenditure incurred by these UAs during Financial Years 2008-16 was Rs 94.972 million. A saving of Rs 87.387 million came to the notice of Audit, which shows that the UAs failed to provide essential municipal services as envisaged and planned at the time of preparation and approval of annual budget for the years. No plausible explanation was provided by the PAO, UA Nazims and management of UAs. **(Annex-B)**

The comparative analysis of the budget and expenditure of current Financial Years is depicted as under:

(Rupees in million)



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

Audit Paras reported in MFDAC (Annex-A) of last year Audit Report, which were not attended in accordance with the directives of DAC, have now been reported in Part-II of Annex-A.

1.1.4 Brief Comments on the Status of Compliance with PAC Directives

The Audit Reports pertaining to following years were submitted to the Governor of the Punjab but have not been examined by the Public Accounts Committee.

Status of Previous Audit Reports

Sr. No.	Audit Report Year	No. of Paras	Status of PAC/UAC Meeting
1	2009-12	27	PAC not constituted
2	2013-14	05	PAC not constituted
3	2015-16	07	PAC not constituted

1.2 AUDIT PARAS

1.2.1 Non Production of Record

1.2.1.1 Non production / maintenance of record

According to Clause 14 (1) (b) of the Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001, the Auditor General shall, in connection with the performance of his duties under this Ordinance, have authority to inspect any office of accounts, under the control of Federation or of the Province or of District including Treasuries and such offices responsible for the keeping of initial and subsidiary accounts.

Secretaries of 07 (seven) Union Administrations of District Bahawalnagar did not produce record of revenue realized and expenditure incurred during the Financial Years 2008-16, despite repeated requests and written requisitions. (**Annex – C**)

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

Owing to non production of record, legitimacy of expenditure / revenue realized could not be ensured.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretary UA No. 11, 12, 13 and 15 replied that record of said period was available which would be provided on demand. Whereas Secretaries of other UAs i.e. UA No. 14 and 75 did not submit reply. Reply of the secretaries was not tenable as neither record was produced during audit nor at the time of record verification.

DAC in its meeting held on 16.05.2017 and 22.05.2017 directed to produce said record for verification within two days. No progress was intimated till finalization of this Report.

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

[UA-11, AIR Para: 09, UA-12, AIR Para: 14, UA-13, AIR Para: 09, UA-14, AIR Para: 12, UA 15, AIR Para: 11, UA-72, AIR Para: 09 and UA-75, AIR Para: 01]

1.2.2 Irregularities and non compliance

1.2.2.1 Unauthorized block allocation of funds for development activities – Rs 41.569 million

According to Rule 58 of the Punjab Union Administration (Budget) Rules, 2003, “No lump sum provision shall be made in the budget, the detail of which cannot be explained”.

Secretaries of following 07 (seven) Union Administrations of District Bahawalnagar made lump sum provision of development budget amounting to Rs 41.569 million during the Financial Years 2008-16 without indicating detail of schemes, cost and geographical location, in violation of above rule. Detail is given below:

(Rupees in million)			
Sr. No.	UA No.	Name of Tehsil	Amount
1	11	Bahawalnagar	6.536
2	12	Bahawalnagar	3.800
3	13	Bahawalnagar	4.025
4	14	Bahawalnagar	7.518
5	15	Bahawalnagar	3.358
6	74	Fort Abbas	10.278
7	76	Fort Abbas	6.054
Total			41.569

Audit is of the view that due to weak financial management, unauthorized block allocation of funds was made.

Unauthorized block allocation resulted in violation of the Government instructions and financial indiscipline of Rs 41.569 million.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries UA No. 11, 12, 13, 15, 74 and 76 replied that budget was allocated and same was approved by the competent authority. Whereas, Secretary of UA No. 14 did not submit reply. Reply of the secretaries was not tenable as compliance of rule was not assured.

DAC in its meeting held on 16.05.2017 and 22.05.2017 directed to get the irregularity condoned from the competent authority within ten days. No progress was intimated till finalization of this Report.

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

[UA-11, AIR Para: 02, UA-12, AIR Para: 05, UA-13, AIR Para: 02, UA-14, AIR Para: 05, UA-15, AIR Para: 04, UA-74, AIR Para: 01, UA-76, AIR Para: 02]

1.2.2.2 Less allocation of funds for development activities – Rs 23.977 million

According to Rule 58 (5) (i) of the Punjab Union Administration (Budget) Rules, 2003, “the proposed development expenditure in the estimates shall be at least 50% of the total proposed revenue of the year.

Secretaries of following 07 (seven) Union Administrations of District Bahawalnagar allocated Rs 25.140 million for development expenditure out of total proposed budget of Rs 97.876 million. Hence, funds of Rs 23.977 million were less allocated for development activities during the Financial Years 2008-16. Detail is given below:

(Rupees in million)

Sr. No.	UAs No.	Total Budget	50% (Due)	Actual Development Budget	Less Allocation
1	11 (BWN)	13.088	6.544	3.548	2.996
2	12 (BWN)	20.524	10.262	3.800	6.462
3	13 (BWN)	16.043	8.022	4.025	3.996
4	14 (BWN)	8.321	4.160	2.406	1.754
5	15 (BWN)	17.048	8.306	3.358	4.948
6	74 (FTS)	9.554	4.777	3.966	0.811
7	76 (FTS)	13.298	7.047	4.037	3.010
Total		97.876	49.118	25.14	23.977

Audit is of the view that due to weak financial controls, less allocation for development works was made.

Less allocation of development funds amounting to Rs 23.977 million deprived the general public from desired benefits.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries of UAs 11, 12, 13, 15, 74 and 76 replied that funds were allocated as per public demand in previous years. Whereas, Secretary of UA No. 14 did not submit reply. The department admitted the view point of audit as rules and procedures were not followed.

DAC in its meeting held on 16.05.2017 and 22.05.2017 directed to get the irregularity condoned from the competent authority within ten days. No progress was intimated till finalization of this Report.

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

[UA-11, AIR Para: 06, UA-12, AIR Para: 11, UA-13, AIR Para: 06, UA-14, AIR Para: 09, UA-15, AIR Para: 08, UA-74, AIR Para: 12 and UA-76, AIR Para: 08]

1.2.3 Internal Control Weaknesses

1.2.3.1 Non-deduction / deposit of Income Tax and GST – Rs 1.926 million

According to Section 153 (a) of the Income Tax Ordinance 2001, income tax at source is required to be deducted from the firms concerned. Furthermore, according to Finance Department letter No. FD SO (Tax) 1-11/97 dated 19.09.1998, it is required that all purchases should be made from the firms registered with the Sales Tax Department and payment of GST be made on submission of sales tax Invoices showing the sale tax registration number. Moreover, according to the Government of Punjab instructions vide letter No. D.O. No.5 (21) L&D/97-4910/FS dated 03.10.1997, the proof of general sales tax deposited into the Government treasury is necessary.

Secretaries of following 09 (nine) Union Administrations of District Bahawalnagar neither deducted income tax of Rs 0.749 million and GST of Rs 1.177 million from the payments made to different contractors / suppliers during Financial Years 2008-16 nor the same was deposited into the Government treasury. Detail is given below:

(Rupees in million)

Sr. No.	UA No.	General Sales Tax	Income Tax	Total
1	11 (BWN)	0.003	0.011	0.014
2	12 (BWN)	0.052	0.015	0.067
3	13 (BWN)	0.085	0.023	0.108
4	14 (BWN)	0.071	0.020	0.091
5	15 (BWN)	0.006	0.004	0.010
6	72 (FTS)	0	0.127	0.127
	72 (FTS)	0.445	0	0.445
7	73 (FTS)	0	0.133	0.133
8	74 (FTS)	0.191	0.106	0.297
9	76 (FTS)	0.324	0.310	0.634
Total		1.177	0.749	1.926

Audit is of the view that due to weak financial controls, income tax and general sales tax was not deducted / deposited into the Government treasury.

Non deduction / deposit of income tax and general sales tax into the Government treasury resulted in loss of Rs 1.926 million.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries of UA No. 11, 12, 13, 15, 72, 73, and 74 replied that some amount was already deducted and deposited into relevant heads of account and efforts were being made to recover the balance amount whereas Secretary of UAs 14 did not submit reply. Reply of the secretaries was not tenable as deduction was required to be made at source. Replies of the secretaries were not tenable as no deposit challans of income tax and GST were produced in support of reply.

DAC in its meeting held on 16.05.2017 and 22.05.2017 directed to deposit income tax and GST into the Government treasury within ten days. No progress was intimated till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 1.926 million, under intimation to Audit.

[UA-11, AIR Para: 13, UA-12, AIR Para: 08, UA-13, AIR Para: 05, UA-14, AIR Para: 16, UA-15, AIR Para: 18, UA-72, AIR Para: 06&10, UA-73, AIR Para: 07, UA-74, AIR Para: 13 and UA-76, AIR Para: 04]

1.2.2.3 Non accountal of store items – Rs 1.340 million

According to Rule 15.1 and 15.4(a) of the 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 departmental officers entrusted with the care, use or consumption of stores are responsible for maintaining correct record and preparing correct returns in respect of the stores entrusted to them. They are also responsible for keeping them in proper custody.

Secretaries of following 07 (seven) Union Administrations of District Bahawalnagar incurred expenditure of Rs 1.340 million during Financial Years 2008-16 on purchase of different store items which were neither accounted for / taken into stock nor consumption of the same was shown. Detail is given below:

(Rupees in million)			
Sr. No.	UA No.	Name of Tehsil	Amount
1	11	Bahawalnagar	0.133
2	12	Bahawalnagar	0.128
3	13	Bahawalnagar	0.142
4	14	Bahawalnagar	0.084

Sr. No.	UA No.	Name of Tehsil	Amount
5	15	Bahawalnagar	0.362
6	72	Fort Abbas	0.437
7	73	Fort Abbas	0.054
Total			1.34

Audit is of the view that due to weak internal controls, store items were not accounted for.

Non accountal into stock indicated misappropriation of funds amounting to Rs 1.34 million.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries UA No. 11, 12,13,15,72 and 73 replied that stock entries had already been made whereas Secretary of UA 14 did not submit reply. Reply of the secretaries was not tenable as no record / stock register was produced to Audit.

DAC in its meeting held on 16.05.2017 and 22.05.2017 directed either to produce relevant record within a week or recovery be effected accordingly. No progress was intimated till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 1.340 million, under intimation to Audit.

[UA-11, AIR Para: 14, UA-12, AIR Para: 09, UA-13, AIR Para: 13, UA-14, AIR Para: 17, UA-15, AIR Para: 19, UA-72, AIR Para: 04 and UA-73, AIR Para: 05]

1.2.2.3 Loss due to non-levying of taxes

According to Rule 3 (1) of the Punjab Local Government (Fee for License etc.) Rules 2003, the Union Administration shall levy fees for licensing of following professions and vocations:

- a) Butchers and vendors of poultry, game & fish
- b) Persons keeping milk collection centres
- c) Persons keeping any animal for profit other than milk cattle or milk goats
- d) Dairy man, butter man and vendors of Ghee
- e) Vendors of Fruits and Vegetables
- f) Washer man
- g) Vendors of wheat, rice and other grains or flour

- h) Makers and vendors of sweet mart
- i) Barbers and keepers of shaving saloons.

Secretaries of Union Administrations No. 11, 12, 13, 14, 15, 74 and 76 of District Bahawalnagar neither levied nor collected license and permit fee from owners of above cited business units during 2008-16.

Audit is of the view that due to ineffective financial and administrative controls, license and permit fee was not levied and collected.

Non levy /collection of permit / license fee resulted in loss of revenue.

The matter was reported to the Union Secretaries/ PAOs during April, 2017. Secretaries replied that TMA was already receiving such fee / tax. Reply of the secretaries was not tenable as no proof was produced in support of reply.

DAC in its meeting held on 16.05.2017 and 22.05.2017 directed to levy fees and get the loss written off from the competent authority within ten days. No progress was intimated till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides levying of taxes and getting the loss written off from the competent authority, under intimation to Audit.

[UA-11, AIR Para: 11, UA-12, AIR Para: 16, UA-13, AIR Para: 11, UA-14, AIR Para: 14, UA-15, AIR Para: 13, UA-74, AIR Para: 10 and UA-76, AIR Para: 06]

Annex

Annex-A
Part-I

**Memorandum for Departmental Accounts Committee (MFDAC) Paras
pertaining to Audit Year 2016-17**

(Rupees in million)

UA No.	Sr. No.	AIR Para No.	Description	Amount
11(BWN)	1	1	Unauthorized Execution of Development Projects without Maintenance of Form BDD-4, PC-I and Non Preparation of Post Completion Evaluation Report	0.500
	2	3	Non Utilization of Funds through CCBs	0.334
	3	4	Irregular Provision of Fund on Development Activities	0.022
	4	5	Non Utilization of funds on sports activities	0.168
	5	7	Less Allocation of Sports Fund / Youth Funds	0.244
	6	8	Irregular Provision of Budget Allocation	0.020
	7	10	Non Reconciliation of Receipt	0.662
	8	12	Non-preparation of Budget & Monthly reports on prescribed format	-
	9	15	Non Accountal / non verification of UC Share on Issuance of Certificates	0.145
	10	16	Unauthorized expenditure without sanction from Austerity Committee	0.02
	11	17	Irregular Expenditure on Jashan –e– Azadi	0.067
	12	18	Wasteful expenditure of Purchase of RCC Pipe amounting to	0.355
	13	19	Irregular Execution of Works without Obtaining NOC from District Government	0.834
12(BWN)	14	1	Non Accountal / non verification of UC Share on Issuance of Certificates	0.132
	15	2	Unauthorized Execution of Development Projects without Maintenance of Form	0.500
	16	3	Wasteful expenditure of Purchase of RCC Pipe	0.157
	17	4	Irregular Execution of Works without Obtaining NOC from District	0.157
	18	6	Non Utilization of Funds through CCBs	1.113
	19	7	Irregular Provision of Fund on Development Activities	0.030
	20	10	Non Utilization of funds on sports activities	0.140
	21	12	Less Allocation of Sports Fund / Youth Funds	0.191
	22	13	Irregular Provision of Budget Allocation	0.035
	23	15	Non Reconciliation of Receipt	0.849
	24	17	Non-preparation of Budget & Monthly reports on prescribed format	-
	25	18	Unauthorized expenditure without sanction from Austerity Committee	0.036
	26	19	Irregular Expenditure on Jashan –e– Azadi	0.076

UA No.	Sr. No.	AIR Para No.	Description	Amount
13 (BWN)	27	1	Irregular Execution of Works without Obtaining NOC from District Government	1.606
	28	3	Non Utilization of Funds through CCBs	0.725
	29	4	Irregular Provision of Fund on Development Activities	0.675
	30	7	Less Allocation of Sports Fund / Youth Funds	0.239
	31	8	Irregular Provision of Budget Allocation	0.014
	32	10	Non Reconciliation of Receipt	0.892
	33	12	Non-preparation of Budget & Monthly reports on prescribed format	-
	34	14	Non Utilization of funds on sports activities	0.173
	35	15	Non Accountal / non verification of UC Share on Issuance of Certificates	0.453
	36	16	Unauthorized expenditure without sanction from Austerity Committee	0.108
	37	17	Irregular Expenditure on Jashan –e– Azadi	0,043
	38	18	Unauthorized Execution of Development Projects without Maintenance of Form	0.450
	39	19	Wasteful expenditure of Purchase of RCC Pipe	0.254
14 (BWN)	40	1	Irregular Execution of Works without Obtaining NOC from District Government	1.160
	41	2	Non Accountal / non verification of UC Share on Issuance of Certificates	0.138
	42	3	Unauthorized expenditure without sanction from Austerity Committee	0.280
	43	4	Irregular Expenditure on Jashan –e– Azadi	0.046
	44	6	Non Utilization of Funds through CCBs	0.602
	45	7	Irregular Provision of Fund on Development Activities	0.804
	46	8	Non Utilization of funds on sports activities	0.420
	47	10	Less Allocation of Sports Fund / Youth Funds	0.239
	48	11	Irregular Provision of Budget Allocation	0.017
	49	13	Non Reconciliation of Receipt	1.023
	50	15	Non-preparation of Budget & Monthly reports on prescribed format	-
	51	18	Unauthorized Execution of Development Projects without Maintenance of Form	0.500
	52	19	Wasteful expenditure of Purchase of RCC Pipe	0.143
15 (BWN)	53	1	Non Accountal / non verification of UC Share on Issuance of Certificates	0.232
	54	2	Unauthorized expenditure without sanction from Austerity Committee	0.020
	55	3	Irregular Expenditure on Jashan –e– Azadi	0.040
	56	5	Non Utilization of Funds through CCBs	1.681
	57	6	Irregular Provision of Fund on Development Activities	0.388
	58	7	Non Utilization of funds on sports activities	0.144
	59	9	Less Allocation of Sports Fund / Youth Funds	0.285
	60	10	Irregular Provision of Budget Allocation	0.006
	61	12	Non-Reconciliation of Receipt	10.629
	62	14	Non-preparation of Budget & Monthly reports on prescribed format	-
	63	15	Unauthorized Execution of Development Projects without	0.200

UA No.	Sr. No.	AIR Para No.	Description	Amount
			Maintenance of Form	
	64	16	Wasteful expenditure of Purchase of RCC Pipe	0.450
	65	17	Irregular Execution of Works without Obtaining NOC from District	-
72 (FTS)	66	1	Irregular execution of development work without project committee	2.785
	67	2	Weak management due to Non-Utilization of CCBs Funds	1.687
	68	3	Loss to Govt. due to non-recovery of license permit fee	0.800
	69	5	Doubtful Drawl of funds amounting	0.023
	70	7	Execution of Development Schemes beyond the Ambit of Union Administration	0.500
	71	8	Un-Justified Drawl of "Azazia"	0.100
	72	11	Loss to TMA due to less realization of receipt	0.129
73 (FTS)	73	1	Irregular execution of development work without project committee	2.941
	74	2	Weak management due to Non-Utilization of CCBs Funds	1.102
	75	3	Loss to Govt. Due to non-recovery of license permit fee	0.800
	76	4	Non deduction of GP fund, benevolent fund	0.059
	77	6	Drawl of funds without verification of degrees involving	0.908
	78	8	Execution of Development Schemes beyond the Ambit of Union Administration	0.500
74 (FTS)	79	2	Doubtful expenditure on purchase of RCC Pipe	0.191
	80	3	Unjustified expenditures on account repair of culverts, hand pump and soling	0.813
	81	4	Irregular Expenditure on Development Projects without Preparation of Monthly Progress Reports	2.771
	82	5	Non utilization of development Budget	2.159
	83	6	Non deposit of pension contribution	0.328
	84	7	Irregular /doubtful execution of development work without Project Committee	1.212
	85	8	Unauthorized Execution of Development Projects without Maintenance of Form BDD-4	2.770
	86	9	Unauthorized /Doubtful Payments without Pre-Audit	7.22
	87	11	Less allocation and non utilization of development budget through CCB	1.834
	88	14	Non accountal of stores	0.246
76 (FTS)	89	1	Unauthorized expenditure on Civil Works	0.200
	90	3	Irregular /doubtful execution of development work without Project Committee	3.323
	91	5	Less allocation of development budget through CCB	1.036
	92	7	Non utilization of funds allocated for CCB	0.570
	93	9	Non conduction of post completion evaluation	3.199
	94	10	Non accountal of stores	0.177
	95	11	Irregular Expenditure on Development Projects without Preparation of Monthly Progress Reports and Form BDD-4	4.096
	96	12	Unauthorized /Doubtful Payments without Pre-Audit	10.788
	97	13	Non deduction of GP Fund, BF and WF	0.094

Part-II
[Para-1.1.3]

**Memorandum for Departmental Accounts Committee Paras not
attended in Accordance with the Directives of DAC Pertaining to
Audit Year 2015-16**

(Rupees in million)

UA No.	Sr. No.	AIR Para No.	Description	Amount
38 Chishtian	1	6	Less allocation of sports fund / youth funds	0.292
	2	8	Non production / maintenance of record	-
	3	11	Non-preparation of budget & monthly reports on prescribed format	-
	4	13	Doubtful expenditure on hot & coal charges	0.010
	5	14	Irregular expenditure on pay & allowances and excess drawl of annual increment	0.007
	6	16	Non accountal of store item	0.006
	7	17	Non accountal / non verification of uc share on issuance of certificates	0.145
	8	18	Unauthorized purchase of durable goods without sanction from austerity committee	0.039
	9	19	Unjustified expenditure on purchase of fog machine and iron board	0.007
	10	20	Non conducting of internal audit	-
	11	21	Irregular expenditure on Jashan –e– Azadi	0.027
39 Chishtian	12	3	Unjustified expenditure on development projects	1.350
	13	4	Likely misappropriation of fund due to non utilization of funds on sports activities	0.204
	14	6	Less allocation of sports fund / youth funds	0.206
	15	7	Improper maintenance of cash book	-
	16	10	Non conducting of internal audit	-
	17	12	Default of stock taking	-
	18	13	Non-preparation of budget & monthly reports on prescribed format	-
	19	15	Doubtful expenditure on hot & coal	0.070
	20	17	Non accountal / non verification of UA Share on Issuance of Certificates	0.053
	21	18	Unjustified payment of arrear	0.080
	22	21	Unjustified Payment of Arrear	0.102
23	22	Irregular expenditure on purchase and prize distribution	0.036	
40 Chishtian	24	8	Non conducting of internal audit	-
	25	10	Default of stock taking	-
	26	11	Non-preparation of budget & monthly reports on prescribed format	-

UA No.	Sr. No.	AIR Para No.	Description	Amount
	27	13	Unauthorized re-appointment of terminated staff and recovery thereof	1.028
	28	15	Non accountal of store items into stock	0.096
	29	16	Unauthorized purchase of durable goods without sanction from austerity committee	0.009
	30	17	Unjustified expenditure on purchase of fog machine	0.027
	31	18	Unjustified Payment of arrear	0.014
41 Chishtian	32	6	Less allocation of sports fund / youth funds	0.527
	33	7	Irregular provision of budget allocation	0.650
	34	8	Non conducting of internal audit	-
	35	10	Default of stock taking	-
	36	11	Non-preparation of budget & monthly reports on prescribed format	-
	37	13	Unjustified / doubtful expenditure on development works	0.482
	38	15	Non accountal into stock of consumable store / sports items	0.132
	39	16	Non Accountal / non verification of UA share on issuance of certificates	0.078
	40	17	Unauthorized purchase of durable goods without sanction from austerity committee	0.077
	41	18	Unjustified expenditure on purchase of fog machine	0.029
42 Chishtian	42	6	Irregular provision of budget allocation	0.754
	43	7	Non production / maintenance of record	-
	44	10	Unuauthorized execution of work regarding construction of office building	0.994
96 Haroon Abad	45	1	Irregular expenditure on Purchase of RCC Pipes	0.188
	46	2	Less and excess allocation of funds for development	2.934
	47	3	Irregular expenditure on sport festival and other events	0.291
	48	4	Non / less allocation of sports fund / youth funds	0.689
	49	6	Irregular expenditure due to non-preparation of budget on prescribed format & preparation of monthly reports	9.840
	50	9	Irregular expenditure on purchase of durable goods without sanction from austerity committee and by spliting	0.176
	51	12	Un-justified expenditure on development projects	0.444
	52	13	Loss to government due to non deposit of government fee	0.220
	53	17	Un-authorized expenditure on development without approval of ADP	0.777
	54	18	Irregular purchase of hand water pumps	0.370
	55	19	Irregular expenditure due to work by executing agency and non deductions of different items	1.009
	56	21	Irregular expenditure on construction of culverts	0.371
	57	22	Non production / maintenance of record	-

UA No.	Sr. No.	AIR Para No.	Description	Amount
97 Haroon Abad	58	2	Un-justified expenditure on development projects	0.119
	59	4	Irregular expenditure due to non-preparation of budget on prescribed format & preparation of monthly reports	2.045
	60	6	Short allocation of funds for CCBs	0.719
	61	13	Un-authorized expenditure on development without approval of ADP	0.100
	62	17	Irregular expenditure on construction of culverts	0.133
	63	18	Non production / maintenance of record	-
98 Haroon Abad	64	2	Less /excess allocation of sports fund / youth funds	0.257
	65	4	Unauthorized expenditure on civil works	0.927
	66	5	Non utilization of funds through CCBs	0.803
	67	9	Doubtful expenditure on repair of computer and furniture	0.041
	68	12	Irregular expenditure on sport festivals	0.178
	69	13	Non-preparation of budget & monthly reports on prescribed format	-
	70	15	Non production / maintenance of record	-
113 Minchin Abad	71	2	Irregular expenditure on purchase of RCC Pipes	0.398
	72	3	Non reconciliation of receipt	0.203
	73	4	Irregular expenditure due to non-preparation of budget on prescribed format & preparation of monthly reports	9.570
	74	6	Short allocation of funds for CCBs	0.465
	75	7	Irregular expenditure on purchase of durable goods without sanction from austerity committee and others observations	0.285
	76	8	Irregular expenditure on repair of office	0.122
	77	12	Unjustified expenditure on development projects	1.040
	78	13	Loss to government due to misappropriation and non deposit of government fee	0.374
	79	15	Misappropriation of development funds and doubtful execution of works	0.175
	80	18	Un-authorized expenditure on development without approval of ADP	1.086
	81	19	Irregular purchase of hand water pumps	0.290
	82	20	Irregular expenditure due to work by executing agency and non deductions of different items	0.624
	83	21	Non production / maintenance of record	-
114 Minchin Abad	84	2	Irregular expenditure on sport festival and other events	0.131
	85	4	Irregular expenditure on purchase of RCC Pipes	0.302
	86	5	Un-authorized expenditure on development without approval of ADP	1.027
	87	8	Misappropriation of development funds and doubtful execution of works	0.874

UA No.	Sr. No.	AIR Para No.	Description	Amount
	88	9	Non reconciliation of receipt	0.335
	89	10	Irregular expenditure due to non-preparation of budget on prescribed format & preparation of monthly reports	9.626
	90	12	Loss to Government due to misappropriation and non deposit of government fee	0.588
	91	13	Short allocation of funds for CCBs	1.525
	92	14	Irregular expenditure on purchase of durable goods without sanction from austerity committee and non availability of vouched accounts	0.158
	93	18	Un-justified expenditure on development projects	0.652
	94	19	Irregular expenditure due to work by executing agency and non deductions of different items	0.492

Annex – B

Detail of Budget and Expenditure of UAs

(Rupees in million)

Sr. No.	Name of UAs	Nature of Expenditures	Original Grants	Supplementary Grant	Revised / Final Grant	Actual Exp.	(+) Excess / (-) Saving
1	UA 11, Bahawalnagar	Salary	10.180	-	10.180	7.229	-2.951
		Non Salary	3.578	-	3.578	0.905	-2.673
		Sub Total	13.758	-	13.758	8.134	-5.624
		Development	6.870	-	6.870	1.240	-5.631
		Revenue	4.839	-	4.839	0.662	-4.177
		Total	20.628	-	20.628	9.374	-11.254
2	UA 12, Bahawalnagar	Salary	9.450	-	3.782	7.880	-1.570
		Non Salary	5.672	-	2.471	1.857	-3.814
		Sub Total	15.122	-	6.253	9.737	-5.384
		Development	4.930	-	9.758	1.750	-3.180
		Revenue	20.525	-	20.525	11.087	-9.438
		Total	20.052	-	16.011	11.488	-8.565
3	UA 13, Bahawalnagar	Salary	9.056	-	7.010	7.776	-1.279
		Non Salary	4.090	-	8.700	2.137	-1.953
		Sub Total	13.146	-	15.710	9.913	-3.233
		Development	4.750	-	14.557	1.702	-3.048
		Revenue	16.043	-	16.043	10.895	-5.148
		Total	17.896	-	30.267	11.615	-6.281
4	UA 14, Bahawalnagar	Salary	8.779	-	6.034	7.154	-1.625
		Non Salary	3.912	-	5.834	1.901	-2.010
		Sub Total	12.691	-	11.868	9.055	-3.636
		Development	8.121	-	8.121	1.181	-6.940
		Revenue	16.247	-	16.247	11.369	-4.878
		Total	20.812	-	20.119	10.236	-10.576
5	UA 15, Bahawalnagar	Salary	17.766	-	5.809	6.982	-10.784
		Non Salary	2.956	-	6.861	1.254	-1.702
		Sub Total	20.721	-	12.670	8.236	-12.485
		Development	5.040	-	9.464	0.205	-4.835
		Revenue	16.613	-	16.613	10.629	-5.984
		Total	25.761	-	22.134	8.441	-17.320
6	UA 72, Fortabbas	Salary	7.286	-	8.388	6.939	-0.347
		Non Salary	1.402	-	1.734	1.335	-0.067

Sr. No.	Name of UAs	Nature of Expenditures	Original Grants	Supplementary Grant	Revised / Final Grant	Actual Exp.	(+) Excess / (-) Saving
		Sub Total	8.688	-	10.122	8.274	-0.414
		Development	3.072	-	4.565	2.926	-0.146
		Revenue	18.327	-	18.327	16.816	-1.511
		Total	11.760	-	14.687	11.200	-0.56
7	UA 73, Fortabbas	Salary	14.057	-	8.430	5.573	-8.484
		Non Salary	3.514	-	1.582	3.143	-0.371
		Sub Total	17.571	-	10.012	8.716	-8.855
		Development	9.948	-	4.410	3.143	-6.805
		Revenue	22.073	-	22.073	21.229	-0.844
		Total	27.519	-	14.422	11.859	-15.660
8	UA 74, Fortabbas	Salary	7.541	-	7.696	5.865	-1.675
		Non Salary	2.858	-	6.044	1.336	-1.522
		Sub Total	10.399	-	13.740	7.201	-3.197
		Development	10.278	-	7.896	2.771	-7.507
		Revenue	22.372	-	22.372	21.934	-0.438
		Total	20.677	-	21.636	9.972	-10.704
9	UA 75, Fortabbas	Salary	-	-	-	-	-
		Non Salary	-	-	-	-	-
		Sub Total	-	-	-	-	-
		Development	-	-	-	-	-
		Revenue	-	-	-	-	-
		Total	-	-	-	-	-
10	UA 76, Fortabbas	Salary	7.658	-	8.784	5.863	-1.795
		Non Salary	3.292	-	4.472	0.829	-2.463
		Sub Total	10.950	-	13.256	6.692	-4.258
		Development	6.304	-	6.304	4.096	-2.208
		Revenue	19.658	-	19.658	16.016	-3.642
		Total	17.254	-	16.468	10.788	-6.466
	Grand Total	Salary	91.772	-	69.138	61.262	-7.876
		Non Salary	31.273	-	41.276	14.697	-26.579
		Sub Total	123.045	-	110.414	75.959	-34.455
		Development	59.314	-	71.945	19.013	-52.932
		Revenue	156.697	-	156.697	120.637	-36.060
		Total	182.359	-	182.359	94.972	-87.387

Annex – C
[Para No.1.2.1.1]

Non production / maintenance of record

(Amount in Rupees)

Sr. No.	UA No.	Name of Tehsil	Detail of Record	Amount
1	11	Bahawalnagar	Unserviceable stock register, works register, budget control register, receipt book issue register, security refund register, nikah register issue to nikah khawn, reconciliation statement of expenditure, newspaper register, service books, schedule rate of income, record of development funds transfer to TMA, vouched account,	-
2	12	Bahawalnagar	Unserviceable stock register, works register, budget control register, receipt book issue register, security refund register, nikah register issue to nikah khawn, reconciliation statement of expenditure, newspaper register, service books, schedule rate of income, record of development funds transfer to TMA, vouched account,	-
3	13	Bahawalnagar	Unserviceable stock register, works register, budget control register, receipt book issue register, security refund register, nikah register issue to nikah khawn, reconciliation statement of expenditure, newspaper register, service books, schedule rate of income, record of development funds transfer to TMA, vouched account,	-
4	14	Bahawalnagar	Unserviceable stock register, works register, budget control register, receipt book issue register, security refund register, nikah register issue to nikah khawn, reconciliation statement of expenditure, newspaper register, service books, schedule rate of income, record of development funds transfer to TMA, vouched account,	-
5	15	Bahawalnagar	Unserviceable stock register, works register, budget control register, receipt book issue register, security refund register, nikah register issue to nikah khawn, reconciliation statement of expenditure, newspaper register, service books, schedule rate of income, record of development funds transfer to TMA, vouched account,	-
6	72	Fort Abbas	Vouched Accounts, Works Files and Measurement Books	-
7	75	Fort Abbas	Budget books for the period 2008-09 to2015-16, Copy of bank statement, Copies of monthly expenditure statements, Cashbooks, Complete vouchers both development and non	-

Sr. No.	UA No.	Name of Tehsil	Detail of Record	Amount
			development, Lists of schemes completed, Copy of Administrative approval and TS, Post completion evaluation reports, Detail of budget allocated for CCB and its utilization, Stock registers of stationery, furniture, machinery etc. Measurement books, Detail of year wise receipts, Copy of deposit slips, Copy of previous Audit reports and Service books of staff.	
Total				-