



**AUDIT REPORT
ON
THE ACCOUNTS OF
PUBLIC SECTOR COMPANIES
OF PUNJAB (SOUTH)**

AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

PREFACE

Articles 169 and 170 of Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8, 12 & 15 of Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section 108 of the Punjab Local Government Act, 2013 require the Auditor-General of Pakistan to audit the accounts of the Federation or a Province or Local Government and the accounts of any authority or body established by or under the control of the Federation or a Province.

The report is based on audit of the accounts of 05 Public Sector Companies of the Punjab (South) for the financial year 2022-23. The Directorate General of Audit, Local Governments, the Punjab (South), Multan conducted audit during Audit Year 2023-24 on test check basis with a view to reporting significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings. Relatively less significant issues are listed in Annexure-A of the Audit Report. The audit observations listed in the Annexure-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.

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

The observations included in this report have been finalized in the light of discussions in the DAC meetings, wherever convened.

There are certain audit para(s) which were also reported in last year(s) Audit Report(s) for the financial years 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18. Recurrence of such irregularities is matter of concern and needs to be addressed.

The Audit Report is submitted to Governor of the Punjab in pursuance of Article 171 of Constitution of the Islamic Republic of Pakistan 1973, read with Section 108 of Punjab Local Government Act, 2013 for causing it to be laid before the Provincial Assembly of the Punjab.

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS AND ACRONYMS

| | |
|---------|--|
| AGM | Annual General Meeting |
| AIR | Audit and Inspection Report |
| AoA | Articles of Association |
| BoD | Board of Directors |
| BOP | Bank of Punjab |
| BWMC | Bahawalpur Waste Management Company |
| CDGM | City District Government Multan |
| CEO | Chief Executive Officer |
| CMMC | Cattle Market Management Company |
| COO | Chief Operating Officer |
| DAC | Departmental Accounts Committee |
| DDO | Drawing and Disbursing Officer |
| DGA | Directorate General of Audit |
| DGKWMC | Dera Ghazi Khan Waste Management Company |
| EOBI | Employees' Old-Age Benefits Institution |
| FAP | Foreign Aided Projects |
| FWMC | Faisalabad Waste Management Company |
| HR | Human Resource |
| INTOSAI | International Organization of Supreme Audit Institutions |
| KPI | Key Performance Indicators |
| LG&CD | Local Government & Community Development |
| LWMC | Lahore Waste Management Company |
| MC | Municipal Corporation |
| MCF | Metropolitan Corporation Faisalabad |
| MCM | Metropolitan Corporation Multan |
| MD | Managing Director |
| MFDAC | Memorandum for Departmental Accounts Committee |
| MoA | Memorandum of Association |
| MWMC | Multan Waste Management Company |
| PAC | Public Accounts Committee |
| PAO | Principal Accounting Officer |
| PCMMDC | Punjab Cattle Market Management and Development Company |

| | |
|-------|---|
| PFC | Provincial Finance Commission |
| PFM | Public Financial Management |
| PFR | Punjab Financial Rules |
| PITB | Punjab Information Technology Board |
| PLGA | Punjab Local Government Act |
| POL | Petroleum, Oil and Lubricants |
| PPRA | Punjab Procurement Regulatory Authority |
| PSCs | Public Sector Companies |
| PSTS | Punjab Sales Tax on Services |
| SAAMA | Services and Asset Management Agreement |
| TDR | Term Deposit Receipt |
| TMA | Tehsil Municipal Administration |
| VTS | Vehicle Tracking System |

EXECUTIVE SUMMARY

The Directorate General of Audit (DGA) Local Governments, the Punjab (South), Multan is responsible for carrying out the audit of District Health and Education Authorities of seventeen (17) districts of Punjab (South). These districts are Bahawalnagar, Bahawalpur, Chiniot, Dera Ghazi Khan, Faisalabad, Jhang, Khanewal, Layyah, Lodhran, Multan, Muzaffargarh, Pakpattan, Rahim Yar Khan, Rajanpur, Sahiwal, Toba Tek Singh and Vehari. The Directorate General also conducts audit of Local Governments comprising Metropolitan Corporation, Municipal Corporations, District Councils and Municipal Committees. Moreover, audit of Daanish Schools & Centers of Excellence and Cattle Market Management Company and Waste Management Companies of the department of Local Government and Community Development (LG&CD), Punjab is also carried out by this office.

The DGA, Local Governments, the Punjab (South), Multan has a human resource of 76 officers and staff constituting 19,000 man-days and Annual Budget of Rs 228.008 million during Audit Year 2023-24. This office carried out audit of the accounts of 05 Public Sector Companies of the Punjab (South) for the FY 2022-23 and utilized 1,020 person-days for the purpose.

The report comprises of two (02) chapters, presenting the outcomes of compliance with authority audits conducted during the Audit Year 2023-24.

Audit of Public Sector Companies (PSCs) was carried out in order to ascertain that the receipts collected and expenditure was incurred with legitimate authorization and in conformity with laws / rules / regulations.

Audit findings presented in the report underscore several critical issues that demand immediate attention. These include persistent disregard for the applicable regulatory framework, improper utilization of funds, deficient record management practices, lack of transparency in procurement processes, and mismanagement of revenue/receipts.

The report strongly emphasizes the imperative of reinforcing internal controls within audited entities. It stresses the urgency of implementing measures that ensure effective accountability and maintain organizational integrity.

Addressing these concerns is vital for promoting good governance, financial prudence, and transparent operational practices within audited organizations.

To optimize the utilization of limited audit resources, a desk audit exercise was conducted leveraging Computer Assisted Audit Techniques (CAAT) to identify high-value transactions with significant financial implications. Subsequently, fieldwork was undertaken concentrating on the prioritized auditable issues pinpointed during the desk audit phase besides placing reliance on the professional judgment of the auditors.

a) Scope of Audit

The DGA is mandated to conduct audit of 09 formations of PSCs working under 05 PAOs. Total expenditure and receipts of these companies were Rs 5,248.802 million and Rs 5,990.029 million respectively for Financial Year 2022-23.

Audit coverage relating to expenditure for the current audit year comprises of 09 formations of 05 PSCs having total expenditure of Rs 3,357.361 million for Financial Year 2022-23. In terms of percentage, the audit coverage for expenditure was 64% of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprises of 09 formations of 05 PSCs having total receipts of Rs 2,808.574 million for Financial Year 2022-23. In terms of percentage, the audit coverage for receipts was 47% of auditable receipts.

In addition to this compliance with authority audit report, the DGA also conducted 34 financial attest audits and 03 compliance with authority audits. Reports of these audits are being published separately.

b) Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs 437.097 million was pointed out in this report. Recovery effected from July, 2023 to January, 2024 was Rs 15.677 million which was verified by Audit.

c) Audit Methodology

The audit relied both on primary and secondary data sources. However, greater reliance was placed on primary sources, which includes files review, site visits, and soliciting information from the key resource persons of WMCs, PCMMDC and other relevant District Authorities. The secondary sources include literature review, references, information available on websites and other indirect sources of information. Audit was carried out against the standards of financial governance provided under various provisions of the Companies Act 2017, Public Sector Companies (Corporate Governance) Rules, 2013, The Punjab Local Government Act, 2022, PFR Vol-I & II, Memorandum of Association, Articles of Association, Procurement, Accounting and Financial Reporting Manuals and other relevant laws, which govern the propriety of utilization of the financial resources of these PSCs. Desk audit review helped auditors in understanding the systems, procedures and environment of the entities before the start of field audit activity. On the spot examination and verification of record was also carried out in accordance with applicable laws / rules and according to the INTOSAI auditing standards.

d) Audit Impact

Irregularities pointed out during audit have helped the management in strengthening the internal control systems. However, audit impact in shape of change in rules is not materialized as the Public Accounts Committee has not discussed any Audit Report since the establishment of PSCs. This has seriously hampered the accountability process and has encouraged the Public Sector Companies to repeat the irregularities.

e) Comments on Internal Controls and Internal Audit Department

Companies were found to be inefficacious during audit. Internal Audit prerequisites as prescribed under the ambit of the Public Sector Companies (Corporate Governance Rules) 2013 were yet to be adhered to. Internal Controls failures came to surface on recurrent basis unfolding serious instances of breached compliance with legal framework, want of fulfillment of the desired organizational goals and stated objectives of the companies. Many instances of weak internal controls have been highlighted during audit which include

unauthorized withdrawal of public funds against the entitlement of the employees, non-observance of financial rules etc. Management's negligence may be captioned as one of most important reason for weak internal controls. Furthermore, the Public Sector Companies have failed to establish and empower the Internal Audit Department since their inception.

This Audit Report includes a dedicated note at the end of each audit para intended to assist the department in recognizing and addressing recurring observations.

f) The Key Audit Findings of the Report

During the course of audit, Auditors found that the PSCs were functioning without standard operating procedures (SOPs) for the operation of their core functions. WMCs were functioning with complete disconnect rather stood divorced from the much-needed adherence for bringing value for money principle. WMCs have achieved the partial enhancement in capacity of waste removal whereas PCMMDC has to a larger extent failed to establish model cattle markets in its 05 operational Divisions of South Punjab. It is mandatory to mention here that in the achievement of core set targets, PSCs have committed serious procedural, financial, administrative and human resource management lapses. The substantial issues highlighted in the Chapter 2 are summarized as below:

- i. Procedural irregularities amounting to Rs 1,059.662 million were noticed out in 18 cases¹.
- ii. Value for money and service delivery issues amounting to Rs 2,311.315 million were observed in 03 cases.²
- iii. Other issues involving an amount of Rs 1,689.478 million were highlighted in 21 cases.³

¹ Para No. 2.2.1 to 2.2.3, 2.3.1 to 2.3.4, 2.4.1 to 2.4.4, 2.5.1, 2.6.1 to 2.6.6

² Para No. 2.4.5, 2.6.7 to 2.6.8

³ Para No. 2.2.4 to 2.2.6, 2.3.5 to 2.3.8, 2.5.2 to 2.5.8, 2.6.9 to 2.6.15

Audit paras involving procedural violations including internal control weaknesses and other irregularities not considered worth reporting to the Public Accounts Committee have been included in Memorandum for Departmental Accounts Committee (MFDAC) in **Annexure-A**.

g) Recommendations

The recommendation of this report may be made privy to the competent authorities for taking necessary steps to utilize the funds out of public exchequer in an economic and efficient manner. PAOs are required to:

- i. Hold inquiries and fix responsibility for irregularities, losses and wasteful expenditure besides effecting recovery.
- ii. Make efforts for expediting the realization of various Government receipts.
- iii. Comply with the Punjab Procurement Rules for economical and rational purchases of goods and services.
- iv. Devise mechanism for the implementation of modern techniques of waste handling and introduction of 3R's policy (Reduce, Recycle and Reuse).
- v. Create public awareness among masses to inculcate the health hazards of solid wastes.
- vi. Ensure deployment of all available equipment leading to rationalization of output of the human resource (HR), enabling right sizing of the workforce.
- vii. Ensure the establishment of internal audit department and proper implementation of monitoring system.

CHAPTER 1

Public Sector Companies - LG&CD Department

1.1 Introduction

Local Government and Community Development Department Government of the Punjab established PSCs in various Divisions of the Punjab during 2013-14 under the Punjab Local Government Act (PLGA) 2013. The PSCs (Punjab Cattle Market Management and Development Company and Waste Management Companies), were incorporated under Section 42 of the Companies Ordinance, 1984 and Companies Act, 2017 as companies limited by guarantee to function within the local government framework and adhere to the company laws and local government rules. Subsequently, during Financial Year 2022-23 cattle market management companies at divisional level were merged into Punjab Cattle Market Management and Development Company which has its divisional offices across the province.

A. Regulatory Framework

PSCs are state-owned entities working under the umbrella of Punjab Local Government and Community Development Department and their functions are governed under:

- i. The Punjab Local Government Act, 2022
- ii. The Companies Act, 2017
- iii. Public Sector Companies (Corporate Governance Rules), 2013
- iv. State Owned Enterprises (Governance and Operations) Act, 2023
- v. The Punjab Procurement Rules, 2014
- vi. Memorandum of Association
- vii. Articles of Association
- viii. Accounting and Financial Reporting Manual
- ix. HR Manual and Procurement Manual

The Public Sector Companies (WMCs and PCMMDC) were incorporated under Section 42 of Companies Act, 2017. The operations of these Public Sector

Companies (PSCs) are governed by a Board of Directors (BoD) nominated by Government of the Punjab. Board appoints the MD / CEO and may constitute other bodies, committees, sub-committees or panels from time to time. The PSC is competent to acquire, hold or transfer moveable and immovable property, enter into any contract and may sue & be sued in its name through MD / CEO.

The CEO / MD is the Principal Accounting Officer of the Company and is accountable to the Board and Public Accounts Committee of the Provincial Assembly. The chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Laws and applicable rules. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

The responsibilities, powers and functions of Board are as under:

- i. The directors of a Board shall be persons who, in opinion of the Government, shall assist the Public Sector Company to achieve its principal objective and the Board shall accordingly exercise its powers and carry out its fiduciary duties with a sense of objective judgment and in the best interest of the company.
- ii. The Board shall ensure that professional standards and corporate values are in place that promotes integrity for the Board, senior management and other employees in the form 10 of a “Code of Conduct”.
- iii. The Board shall establish a system of sound internal control, which shall be effectively implemented at all levels within the Public Sector Company, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty and relationship with the stakeholders.
- iv. The Board shall adopt a vision or mission statement and corporate strategy for the Public Sector Company.
- v. The Board shall also formulate significant policies of the Public Sector Company.

- vi. The Board shall define the level of materiality, keeping in view the specific context of the Public Sector Company and the recommendations of any committee of the Board that may be set up for the purpose.
- vii. The Board shall ensure compliance with policy directions received from Government from time to time.
- viii. The Board shall ensure compliance with the reporting requirements received from the Government within the specified time-frame, related to, including but not limited to, audit, finance, parliamentary business, performance and ancillary matters.

B. Purpose and objectives for establishment of PSCs

The Waste Management Companies were organized & established for development in the field of solid waste management for the benefit of people and to provide sustainable, efficient and affordable waste management services for the citizens and also to provide necessary facilities in order to enable the existing Solid Waste Management System to undertake activities of income generation and enhance the quality of existing system.

The Punjab Cattle Market Management and Development Company was established to organize, operate and regulate cattle markets, to frame the contracts to outsource internal services, to manage and maintain the services of cattle markets in the Punjab.

C. Functions of PSCs

The key functions of Waste Management Companies are as under:

- i. Developing and implementing framework for regulating Solid Waste Management service delivery.
- ii. Managing the activities directly or indirectly related to generation, collection, separation, storage, reuse, recycling, transportation, transfer, reduction, treatment and disposal of Solid Waste.
- iii. Taking all such steps as are deemed necessary and expedient for effective management of solid waste in order to safeguard public health, ensure that waste is reduced, collected, stored, transported, recycled, reused or

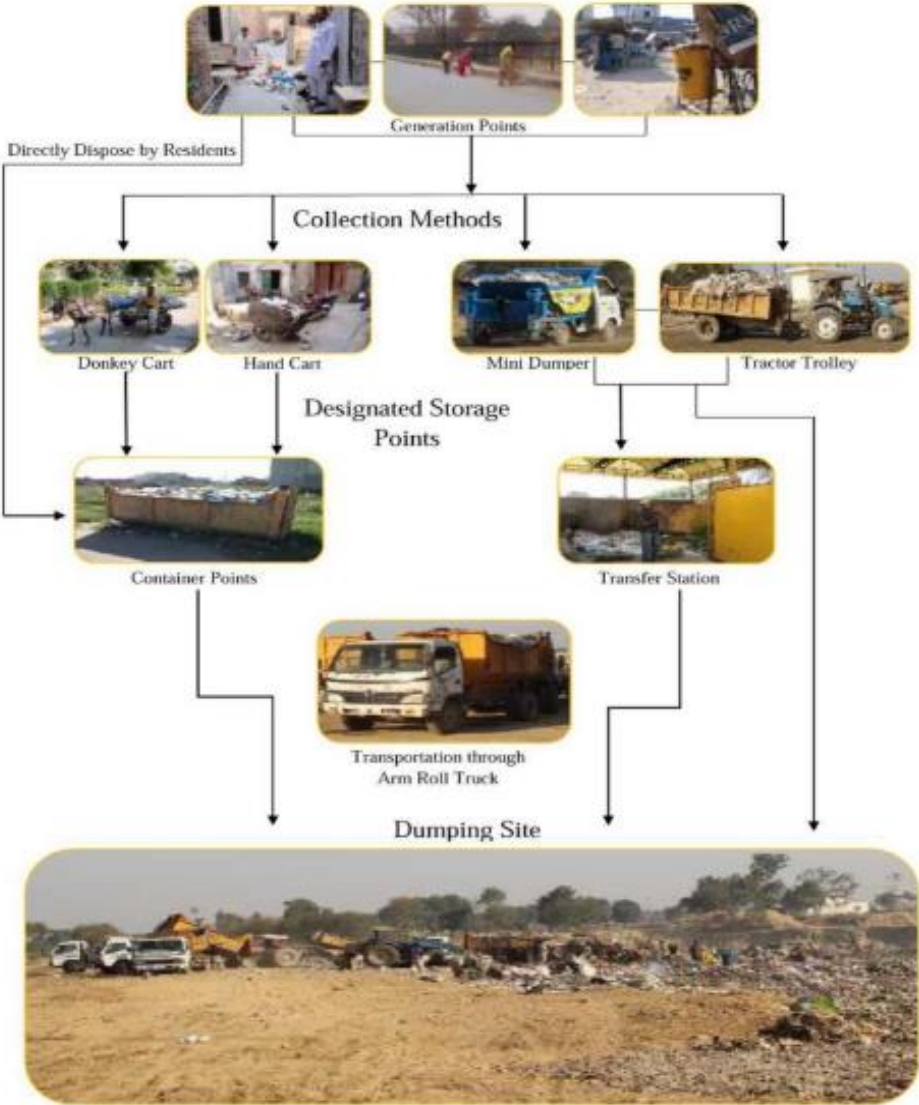
disposed off, in an environmentally sound manner and promoting safety standards in relation to such waste.

- iv. Promoting public awareness for waste reduction and comprehensive and efficient solid waste management.
- v. Proposing cost recovery measures for services provided and suggesting actions regarding taxes, fees, user charges, surcharges, rents, rates in respect of solid waste management, receiving and appropriating all receipts recovered in respect thereof.

The functions of Punjab Cattle Market Management Company are as under:

- i. Manage and maintain the services of Cattle Markets.
- ii. Manage the data and record of the Company related to sale and purchase of animals.
- iii. Devise framework for capacity building/guidance of different stakeholders regarding Cattle Market Management.
- iv. Define the set of infrastructure and services for the Cattle Markets.
- v. Develop revenue sources from animal waste, by-product and garbage and utilize it in the affairs of the Company.

Solid Waste Management: Management of solid waste is associated with the control of generation, storage, collection, transfer and transport, processing, and disposal of solid waste in a manner that is in accordance with the best principles of public health, economics, engineering, conservation, aesthetics and other environment considerations. The solid waste management process followed by the WMCs is highlighted in pictorial form as under:



D. Jurisdictional and service profile of PSCs

- i. BWMC is providing services to 0.9 million people of 21 Union councils.
- ii. DGKWMC is providing its services to a population of 0.399 million. The area under jurisdiction comprises of 17 union councils.
- iii. FWMC is providing services in 157 Union Councils having 3.600 million population.
- iv. MWMC is providing services in 68 Union Councils having 2.1 million population.
- v. The 05 operational Divisions of PCMMDC in the Punjab South are managing the 83 cattle markets in 17 Districts.

Administrative structure of PSCs is given below:

Administrative Structure of PSC

| Description | No. of Administrative Offices |
|---|-------------------------------|
| Chief Executive Officer / Managing Director | 01 |
| Chief Financial Officer | 01 |
| Company Secretary | 01 |
| Chief Internal Auditor | 01 |
| General Manager (HR & Admn) | 01 |
| Manager (HR & Admn) | 01 |
| Manager (IT) | 01 |

*Source: Data obtained from the management of PSCs

PSC wise list of 05 formations is attached as **Annexure-B**.

The following table shows detail of total & audited formations of PSCs:

Audit Profile of PSCs of the Punjab (South)

(Rupees in million)

| Sr. No. | Description | Total Nos. | Audited | Expenditure Audited FY 2022-23 | Revenue / Receipts Audited FY 2022-23 |
|---------|---|------------|---------|--------------------------------|---------------------------------------|
| 1 | Formations | 9 | 9 | 3,357.361 | 2,808.574 |
| 2 | Assignments Accounts (excluding FAP) | - | - | - | - |
| 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| 4 | Foreign Aided Projects (FAP) | - | - | - | - |

PSC wise detail of total & audited formations is attached as **Annexure-C**.

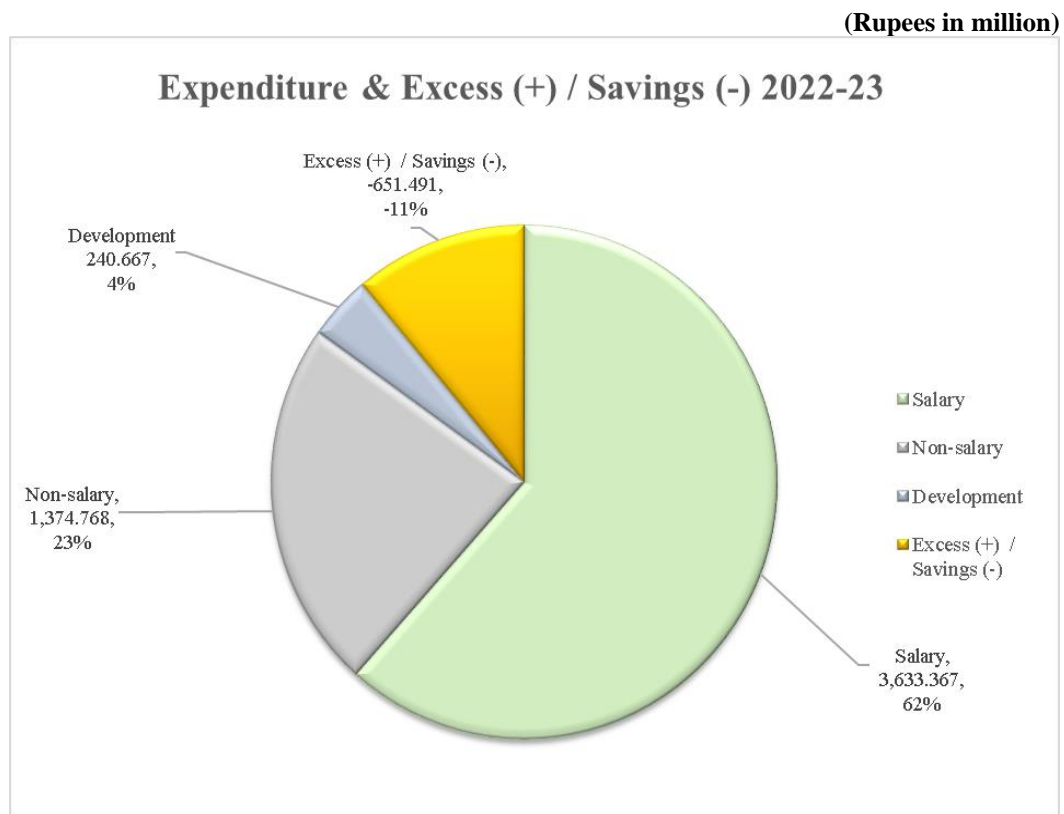
E. Comments on Budget and Accounts (Variance Analysis)

Consolidated statement of budget, expenditure and receipts of 05 PSCs for Financial Year 2022-23 is given below:

(Rupees in million)

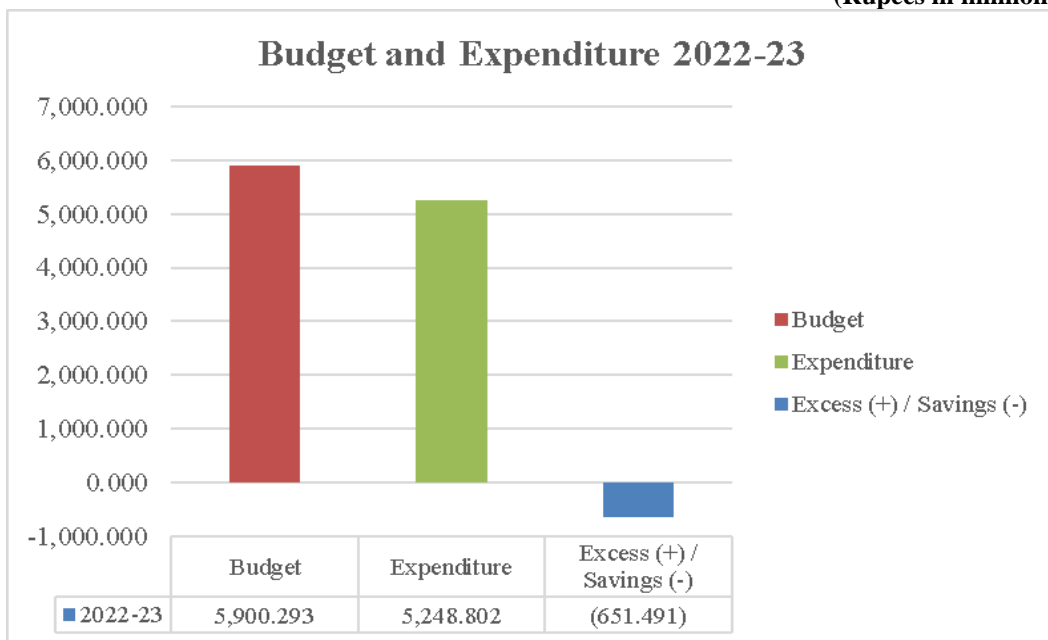
| Description | Budget | Expenditure | Excess (+) / Savings (-) | Variance |
|--------------|------------------|------------------|-----------------------------|--------------|
| Salary | 3,576.771 | 3,633.367 | 56.596 | 2% |
| Non-Salary | 1,504.816 | 1,374.768 | (130.048) | (9%) |
| Development | 818.706 | 240.667 | (578.039) | (71%) |
| Total | 5,900.293 | 5,248.802 | (651.491) | (11%) |
| Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 6,293.179 | 5,990.029 | (303.150) | (5%) |

PSC wise detail of budget, expenditure and receipts of 05 PSCs for Financial Year 2022-23 is attached as **Annexure-D**.



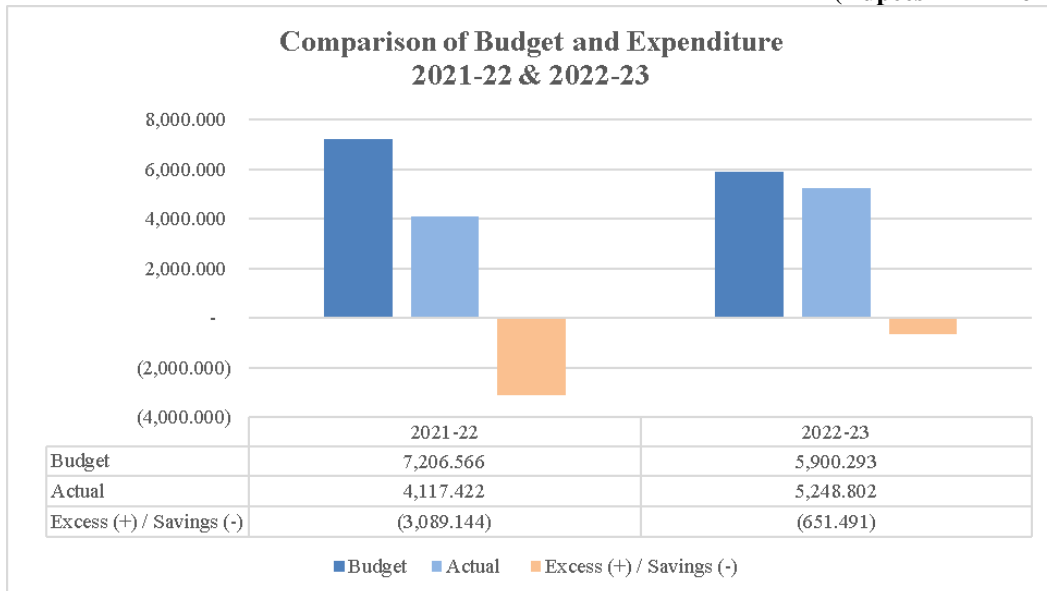
Against budget (development / non-development) of Rs 5,900.293 million for Financial Year 2022-23, PSCs could utilize only Rs 5,248.802 million, whereas 9% of non-salary component and 71% of development funds remained unspent and 2% of salary component was in excess of budget, reflecting poor financial management. The management exaggerated the allocation under the different components of budget to make the whole exercise unrealistic and prone to overspending. The unspent percentage of the allocation was due to shortage of cash flow which resulted in less expenditure on development work to the extent of 71% which clearly shows poor planning and non-implementation of revenue generation plan. Poor financial management resulted in depriving the local population of the benefits likely to have accrued to them because of development planned but not properly undertaken by the management.

(Rupees in million)



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

(Rupees in million)



The comparative analysis of the budget and expenditure for the Financial Years 2021-22 and 2022-23 depicts poor planning and cash flow management. During the Financial Year 2022-23 the allocation decreased whereas the expenditure increased by 27% with substantial less expenditure under head of development and non-salary components due to less cash inflow.

The comparative data for the Financial Years 2021-22 and 2022-23 reflects the systemic issue of poor cash flow management and non-preparation of and implementation of revenue generation plan.

F. Sectoral Analysis on the Achievements against Targets

i. Analysis of Financial Resources

PSCs got the budgets approved from the Board concerned with unrealistic allocations under all three components of budget namely salary, non-salary and development. Less expenditure amounting to Rs 651.491 million (as reflected above) equivalent to 9% and 71% of the budgeted amount against non-salary and development components respectively and 2% excess than budgeted amount in salary component reflects poor financial management, resulting in reduced service delivery and non-achievement of infrastructure targets during the financial year.

Consequently, the management failed to provide basic facilities such as establishment of model cattle markets and provision of up to mark cleanliness services.

ii. Analysis of Targets and Achievements

Sectoral analysis of the PSCs was made on the basis of various indicators for Financial Year 2022-23. The PSCs were required to achieve the objectives / targets set in their Memorandum of Association and Board meetings. Further, management was required to operate according to PSCs Corporate Governance Rules, 2013. Major performance indicators and bench marks set by the PSCs were as under:

- i. Establishment of efficient land fill sites
- ii. Enhancement of solid waste management services
- iii. Enhancement of revenue generation capacity
- iv. Establishment of model cattle markets
- v. Regulation of cattle markets
- vi. Facilitation of end users in cattle markets including breeders and traders
- vii. Establishment of pension / provident / benevolent fund, group insurance fund
- viii. Establishment / formulation of sound system of internal controls, anti-corruption policy and procurement policy
- ix. Development of Key Performance Indicators

PSCs failed to achieve any of their stated objectives from service delivery to sound financial management. No mechanism has been put in place to assess service delivery by these entities or achieve self-sufficiency in financial domain through revenue generation.

iii. Service Delivery Issues

The management of Waste Management Companies failed to achieve its predetermined objectives to provide better solid waste collection, transportation and disposal and dumping on selected sites to keep the city jurisdictions safe and clean. The WMCs did not enhance the coverage of collection and disposal of

waste. Scientific land fill sites were not developed despite lapse of considerable time. Mechanism for segregation of waste could not be developed. The WMCs failed to generate more revenue for ensuring best service delivery to general public. Key performance indicators were not formulated.

Further, the management of 05 operational Divisions of PCMMDC also had partial target achievement portfolio. Various services were not outsourced to facilitate the cattle traders. The revenue collected through self-collection remained short of target. Illegal cattle markets were not removed, animals were not tagged and cattle traders were not registered. Key performance indicators were not formulated.

iv Expectation Analysis and Remedial Measures

PSCs were established to improve the services in line with their prescribed objectives. However, the PSCs failed to achieve any of their stated objectives including enhancement of solid waste coverage area and cleanliness services to facilitate the end users, establishment of model cattle markets, to regulate the operations of illegal cattle markets.

Following remedial measures need to be taken to achieve the minimum service delivery standards of PSCs:

- i. Preparation and implementation of revenue generation plan in order to increase the revenue stream of the companies.
- ii. Ensure implementation of best solid waste management practices during collection and disposal of solid waste.
- iii. Establish the environment friendly land fill sites for disposal of solid waste.
- iv. Take immediate steps for regulation of illegal cattle markets.
- v. Formulation of Key Performance Indicators (KPIs) should be ensured.

1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 5,060.455 million¹ were raised as a result of this audit. This amount also includes recoverable of Rs 437.097 million as pointed out by Audit. Consolidated summary of audit observations on the accounts of PSCs classified by nature is as under:

Overview of the Audit Observations

(Rupees in million)

| Sr. No. | Classification | Amount |
|--------------|--|------------------|
| 1 | Non-production of record | - |
| 2 | Reported cases of fraud, embezzlement and misappropriation | - |
| 3 | Procedural irregularities | |
| A | HR / Employees related irregularities | 676.468 |
| B | Procurement related irregularities | 361.359 |
| C | Management of Accounts with Commercial Banks | 21.835 |
| 4 | Value for money and service delivery issues | 2,311.315 |
| 5 | Others | 1,689.478 |
| Total | | 5,060.455 |

PSC wise summary of audit observation classified by nature is attached as **Annexure-E**.

1.3 Comments on the Status of Compliance with PAC Directives

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

| Sr. No. | Audit Year | No. of Paras | Status of PAC Meetings |
|---------|------------|--------------|------------------------------|
| 1 | 2016-17 | 44 | PAC meeting was not convened |
| 2 | 2017-18 | 168 | PAC meeting was not convened |
| 3 | 2018-19 | 201 | PAC meeting was not convened |
| 4 | 2019-20 | 99 | PAC meeting was not convened |
| 5 | 2020-23 | 112 | PAC meeting was not convened |

PSC wise status of previous audit reports is attached as **Annexure-F**.

Note: Non-convening of PAC has seriously hampered the accountability process and has encouraged the Public Sector Companies to repeat the irregularities.

¹ Amount of observations exceeds total expenditure as expenditure was objected in many paras i.e. procurement, budgeting issues and receipts as well.

CHAPTER 2

2.1 Public Financial Management

Public Financial Management (PFM) is a central element of a functioning administration, underlying all government activities. It encompasses the mechanisms through which public resources are collected, allocated, spent and accounted for.

It is a proven fact that fiscal governance of any country is closely linked to an effective Public Financial Management system, which focuses on principles of fiscal discipline, legitimacy, transparency and accountability of public finances. PFM is framed around achieving an overall discipline which specifically includes resource allocation and operational efficiency and effectiveness of public expenditure. The maintenance of “aggregate fiscal discipline” is foremost and primary objective of PFM which revolves around interaction of two streams; revenue and expenditure. Revenue generation and Public Expenditure Management complement each other in attaining the strategic macroeconomic objectives of the state.

Punjab Public Financial Management Act 2022 provides a broad framework for regulating the public sector financial management from budget making, revenue generation, cash management, expenditure, accounting to scrutiny through public audit.

Severe issues pertaining to Financial Management of PSCs continued to plague the companies since their inception. Management of the companies failed to make significant progress in making them self-sustainable as was envisaged at the time of their inception. Revenue generation for WMCs through their own resources remained well below their annual expenditure. Resultantly, companies had to rely on funds received from Government of the Punjab through Provincial Finance Commission (PFC) amounting to Rs 2,096.928 million during Financial Year 2021-22 and Rs 2,104.940 million for Financial Year 2022-23 for their financial sustainability. Furthermore, management of WMCs had to obtain loan of Rs 969.120 million during Financial Year 2021-22 and Rs 1,874.00 million in Financial Year 2022-23 from Government of the Punjab to bridge the deficit. However, even loan was not sufficient to meet the shortfall. Therefore, liabilities of

Rs 230.838 million were carried forward for the Financial Year 2022-23. Hence, serious questions hang over the financial viability of WMCs making them perpetual recipient of Government Grants.

Stream of finances of PSCs is given as below:

Income and Expenditure of Public Sector Companies FY 2022-23

(Rupees in million)

| Sr. No. | Name of Company | PFC Share | Loan from Govt. of Punjab | *Own source receipts | Total Receipts | Total Exp. | Difference |
|-------------------------------------|-----------------|-----------------|---------------------------|----------------------|------------------|------------------|------------------|
| 1 | Bahawalpur WMC | 144 | 300 | 91.000 | 535.000 | 565.250 | (30.250) |
| 2 | DGK WMC | 0 | 300 | 94.692 | 394.692 | 385.877 | 8.815 |
| 3 | Faisalabad WMC | 1,142.660 | 774 | 16.780 | 1,933.440 | 2,241.510 | (308.070) |
| 4 | Multan WMC | 818.280 | 500 | 132.000 | 1,450.280 | 1351.612 | 98.669 |
| Total 2022-23 (WMCs) | | 2,104.94 | 1,874 | 334.472 | 4,313.412 | 4,544.249 | (230.838) |
| Total PCMMDC (South) 2022-23 | | 0 | 0 | 1,676.617 | 1,676.617 | 704.553 | 972.063 |

* Income from auction of collection rights, self-collection, bank profit and MC share.

- i. Bahawalpur Waste Management Company (BWMC) could generate only Rs 91 million receipts against expenditure of Rs 565.250 million. The remaining cash flow deficit was met from PFC share for Rs 144 million and loan from Government of Punjab Rs 300 million respectively. Just meeting the 16 % financial needs from own source income is a serious issue for the financial soundness of the company.
- ii. DGKWMC met its total financial needs from debt financing through Government of the Punjab, and MC Dera Ghazi Khan share received under Services and Asset Management Agreement (SAAMA). The company could not prove concept of going concern for itself.
- iii. FWMC earned income from own sources just Rs 16.780 million against expenditure of Rs 2,241.510 million. Rest of the financial needs were met from PFC share and loan from Government of the Punjab.
- iv. MWMC remained dependent on the PFC share and loan from Government of Punjab. Only Rs 132 million revenue was generated against the expenditure of Rs 1,351.611 million. Meeting the 10% need from own source income showed the worst financial management of the

company whereas 61% received from PFC share and 29% was managed through debt financing loan from Government of the Punjab.

Income and Expenditure of Public Sector Companies FY 2021-22

(Rupees in million)

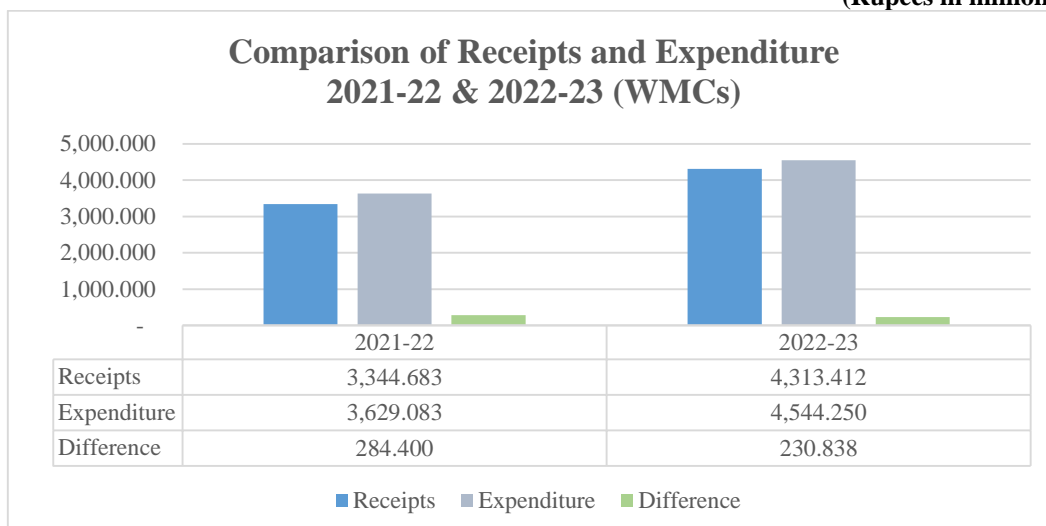
| Sr. No. | Name of Company | PFC Share | Loan from Govt. of Punjab | *Own source receipts | Total Receipts | Total Exp. | Difference |
|-------------------------------------|-----------------|------------------|---------------------------|----------------------|------------------|-----------------|------------------|
| 1 | Bahawalpur WMC | 144.000 | 262.120 | 70.304 | 476.424 | 513.031 | (36.607) |
| 2 | ** DGK WMC | | | 120.673 | 120.673 | 348.58 | (227.907) |
| 3 | Faisalabad WMC | 1,134.648 | 707.000 | 7.658 | 1,849.306 | 1,815.272 | 34.034 |
| 4 | Multan WMC | 818.280 | - | 80.000 | 898.280 | 952.200 | (53.920) |
| Total (WMCs) 2021-22 | | 2,096.928 | 969.120 | 278.635 | 3,344.683 | 3629.083 | (284.400) |
| Total PCMMDC (South) 2021-22 | | - | - | 2,203.590 | 2,203.590 | 488.339 | 1,715.251 |

* Income from auction of collection rights, self-collection, bank profit and MC share.

** DGKWMC managed its financial deficit through funds received as seed money during Financial Year 2021-22 Rs 64 million as well as opening bank balance.

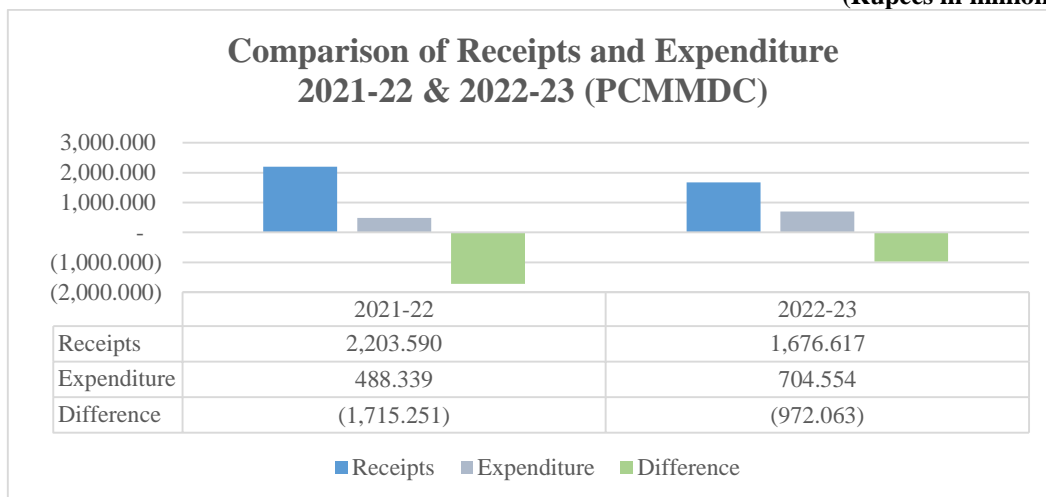
- i. BWMC could generate only Rs 70.304 million receipts against expenditure of Rs 513.031 million. The remaining cash flow deficit was met from PFC share for Rs 144 million and loan from Government of the Punjab Rs 262.120 million respectively. Having deficit of Rs 36.607 million. Own source income was just 13% to meet the expenditure, which is serious issue for the financial soundness of the company.
- ii. DGKWMC met its total financial needs from Government of the Punjab loans and MC Dera Ghazi Khan share received under SAAMA. The company could not prove concept of going concern for itself.
- iii. FWMC earned income from own sources just Rs 7.658 million against expenditure of Rs 1,815.272 million. Rest of the financial needs were met from PFC share and loan from Government of the Punjab.
- iv. MWMC remained dependent on the PFC share and loan from Government of Punjab. Only Rs 80 million revenue was generated against the expenditure of Rs 952.200 million. Meeting the 8% need from own source income showed the worst financial management of the company.

(Rupees in million)



Total expenditure exceeded total receipts (including PFC and loan from Government of Punjab) during Financial Years 2021-22 & 2022-23 amounting to Rs 284.400 million and Rs 230.838 million respectively. Year to year receipts increased by 29% while expenditure shot up by 25% in comparison to Financial Year 2021-22.

(Rupees in million)



Comparatively, financial position of PCMMDC is better than WMCs Companies as their receipts are excess than expenditure by Rs 1,715.251 million

and Rs 972.063 million during Financial Years 2021-22 & 2022-23 respectively. However, receipts decreased by 24% in comparison to Financial Year 2021-22.

Loans obtained by Waste Management Companies

(Rupees in million)

| Sr. No. | Name of Company | Year | Loan amount | Mark up rate (%) |
|--------------|-----------------|---------|------------------|------------------|
| 1 | BWMC | 2022-23 | 300.000 | 0.25 |
| | | 2021-22 | 262.120 | 0.25 |
| | | 2020-21 | 210.000 | 0.25 |
| 2 | DGKWMC | 2022-23 | 300.000 | 0.25 |
| 3 | FWMC | 2022-23 | 774.000 | 0.25 |
| | | 2021-22 | 707.000 | 0.25 |
| | | 2020-21 | 827.000 | 0.25 |
| 4 | MWMC | 2022-23 | 500.000 | 0.25 |
| Total | | | 3,880.120 | |

The above- mentioned data of loans received by the Waste Management Companies depicts that the financial sustainability of the companies has become fragile over period of last three years. Waste Management Companies have obtained Rs 3,880.120 million from Government of the Punjab without repayment plan. During audit of accounts statements for the Financial Year 2022-23, audit emphasized on the following matters:

- i. Non-preparation of certified accounts and financial statements in violation of Clause 72 of Article of Association “The Directors shall cause to be prepared and to be laid before the Company in Annual General Meeting such Balance Sheet and Income and Expenditure Account and Cash Flow Statement duly audited and reports as required under the Act.”
- ii. Non-constitution of different committees by the companies in violation of Rules 12(1) of Public Sector Companies (Corporate Governance) Rule 2013, “The Board shall setup the audit committee, risk management committee, human resources committee, procurement committee and nomination committee to support it in performing its functions efficiently and for seeking assistance in the decision-making process.”
- iii. Non-preparation of revenue generation / business plan in violation of Rules 7(2)(a) of Public Sector Companies (Corporate Governance) Rule 2013, “The Board shall revise annual business plan cash flow projection and long-term plans.”

iv. Debt financing without re-payment plan in violation of cannon of financial propriety.

Audit was of the view that in the absence of certified accounts, financial statements and preparation of debt re-payment plan the financial sustainability of the Public Sector Companies cannot be ascertained as a going concern.

Audit Paras - Compliance with Authority Audit

2.2 Bahawalpur Waste Management Company, Bahawalpur

Procedural irregularities

2.2.1 Unauthorized payment beyond delegated financial powers – Rs 59.674 million

According to Para 3.1 of Procurement Manual of Lahore Waste Management Company (LWMC) adopted by BWMC, “The Board of Directors has the ultimate authority for utilization of BWMC's funds. As per Authority matrix, in case of revenue expenditure (recurring), MD/CEO is empowered to incur expenditure upto Rs 5 million for purchase of goods and services for BWMC.”

During audit of BWMC for the FY 2022-23, it was observed that CEO allowed unauthorized payment of Rs 59.674 million to the M/s Outriders (Pvt) Ltd. for the period January to May 2023, on account of provision of services of unskilled, semiskilled and skilled workers without approval and extension of contract agreement from Board of Directors. Record showed that contract agreement was expired on 31.12.2022 but no approval was taken during three meetings of Board convened from January to June 2023. The detail is as under:

| (Rupees in million) | | | |
|---------------------|---------------------------------------|-------------------------------|---------------|
| Sr. No. | Description of payment | Period | Amount |
| 1 | Management cost (un-skilled labour) | January, 2023 to May, 2023 | 0.837 |
| 2 | Payment of un-skilled labour | | 41.586 |
| 3 | Management cost (semi-skilled labour) | | 0.202 |
| 4 | Payment of semi-skilled labour | | 14.105 |
| 5 | Management cost (skilled labour) | | 0.028 |
| 6 | Payment of skilled labour | | 2.916 |
| Total | | | 59.674 |

Due to weak internal controls, payment was allowed by the CEO beyond delegated financial powers which resulted in unauthorized expenditure.

The matter was reported to PAO in November, 2023. The management replied that advertisement, tender document and draft agreement was approved by the Board in its 42nd Board meeting held on 14.12.2021. As per clause of agreement, the contract could be extended for three years on annual basis.

Therefore, there was no need to get fresh approval from Board. The reply of the management was not tenable as CEO BWMC was empowered to incur expenditure upto Rs 5 million on recurring expenditure as per Para 3.1 of Procurement Manual. Whereas, expenditure for five months was Rs 59.674 million which required approval of the Board.

DAC in its meeting held during January, 2024 directed the management to get the expenditure regularized besides fixing responsibility on the person (s) at fault. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2018-19 vide para number 1.2.1.7 having financial impact of Rs 31.516 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 11]

2.2.2 Mismanagement in banking operations – Rs 21.835 million

According to decision of 4th Annual General Meeting (AGM) held on 28.01.2021, "A separate profit bearing security account was to be opened by the management of BWMC."

During audit of BWMC for the FY 2022-23, it was observed that CEO failed to open profit bearing security account in violation of Board decision. Scrutiny of bank statement of account No.6010002517700024 maintained in Bank of Punjab (BOP) revealed that Rs 16.189 million was available as on 01.07.2022. Rs 8.843 million was received and Rs 3.196 million was withdrawn during the year leaving a balance of Rs 21.835 million at the close of financial year. But due to current account, company management could not avail benefit of bank profit for Rs 2.190 million (Approx).

Due to weak financial controls, company management mismanaged the banking operations which resulted in loss.

The matter was reported to PAO in November, 2023. The management replied that no contractor demanded profit earned on securities from BWMC. Hence, funds were kept in current account. However, efforts were being made to open "Profit and Loss Account" for securities in BOP. Reply was not tenable as

Board in its 4th AGM held on 28.01.2021 directed the management of BWMC to maintain profit bearing account of securities.

DAC in its meeting held during January, 2024 directed the management of BWMC to ensure compliance of the decision of Board in true letter and spirit. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

[AIR Para: 13]

2.2.3 Non finalization of annual accounts

According to Clause 72 of Articles of Association, "The Directors shall cause to be prepared and to be laid before the Company in Annual General Meeting such Balance Sheet, Income and Expenditure Account and Cash Flow Statement duly audited and reports as required under the Act."

During audit of BWMC for the FY 2022-23, it was observed that CEO incurred expenditure amounting to Rs 565.255 million but failed to prepare and get its annual accounts audited from a Chartered Accountant firm. Similarly, annual accounts for the Financial Year 2021-22 were also not got certified from any Chartered Accountant firm in violation of Companies Act, 2017 and Articles of Association. Annual General Meeting was also not convened due to non-certification of accounts.

Due to weak internal controls, the Accounts of the company were not got certified from external auditors which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The management replied that draft statement of accounts was prepared however, the same was yet to be certified from the Chartered Accountant Firm. Reply of the department was not tenable as financial statements were not prepared and laid before Board.

DAC in its meeting held during January, 2024 directed the management to prepare financial statements followed by certification from external auditor at the earliest. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

[AIR Para: 6]

Others

2.2.4 Debt financing without repayment plan – Rs 300 million

According to Government of the Punjab Finance Department Letter No. FD (L) 1-383/2018 dated 14.02.2018, “The loan will be repaid within five years with two years of grace period and 0.25% interest rate. If the payment is not made on the due date in accordance with amortization schedule, penalty on the default amount @ 4% per annum shall be paid by the company.”

During audit of BWMC for the FY 2022-23, it was observed that CEO received loan of Rs 300 million from Government of the Punjab. Sustainability of the company was at stake as the company had received loans amounting to Rs 1,222.120 million during last five years including Financial Year 2022-23 but had no source of income to repay such huge amount of loan except annual receipts of Rs 5.778 million as collection charges as a result of MOUs with some private land sub divisions and commercial units.

Due to poor financial management, loans were received without repayment plans which resulted in compromised sustainability of the company.

The matter was reported to PAO in November, 2023. The management replied that BWMC had no legal power to impose fee on services. The Board of Directors of BWMC approved the Revenue Generation Plan Six times and forwarded the same to Government for approval but the same was not approved. Reply was not tenable as plan for repayment of loan was not devised by the management of BWMC.

DAC in its meeting held during January, 2024 directed the CEO to take up the matter with the Secretary LG&CD Department for approval of Revenue Generation Plan at the earliest. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC’s directives.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2022-23, 2020-21 vide para numbers 2.1.4 and 2.4.11 respectively having financial impact of Rs 922.120 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 2]

2.2.5 Loss due to non-collection of share from MC – Rs 13.270 million

According to Clause 9(i) of the SAAMA, “The budget / amount for collection of solid waste management agreed by the MC Ahmed Pur East and BWMC shall be transferred on quarterly basis to the BWMC for credit into commercial bank account of the BWMC.”

During audit of BWMC for the FY 2022-23, it was observed that CEO failed to recover an amount of Rs 13.270 million on account of share of budget from Municipal Committee Ahmed Pur East during the Financial Years 2021-22 and 2022-23 as per agreement. The detail is as under:

(Rupees in million)

| Financial Year | Quarter | Detail | Recoverable amount |
|-----------------------|-----------------|---------------|---------------------------|
| 2021-22 | 4 th | Non-Salary | 4.890 |
| 2022-23 | 3 rd | Non-Salary | 4.190 |
| 2022-23 | 4 th | Non-Salary | 4.190 |
| Total | | | 13.270 |

Due to weak financial management, prescribed share was not recovered by the company which resulted in loss to the company.

The matter was reported to PAO in November, 2023. The management replied that efforts were being made to collect share from MC Ahmed Pur East.

DAC in its meeting held during January, 2024 directed the management to collect share from MC Ahmed Pur East at the earliest. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC’s directives besides fixing responsibility against the person(s) at fault.

[AIR Para: 5]

2.2.6 Blockage of funds due to purchase of plastic bags without requirement – Rs 2.448 million

According to Para 3.3 of Procurement Manual of Lahore Waste Management Company adopted by BWMC, “A person involved in the procurement process shall be personally liable, to make good the loss / damage incurred by BWMC if he misrepresents, misconstrues and / or misunderstands his

authority and / or does not exercise sufficient and due care and discretion in the exercise of authority given to him.”

During audit of BWMC for the FY 2022-23, it was observed that CEO incurred expenditure amounting to Rs 3.300 million for procurement of 6,500 kg plastic bags. Record showed that biodegradable plastic bags for the occasion of Eid-ul-Azha 2023 were purchased without considering stock position as (34,219 plastic bags) / 2850 kg plastic bags were already available at the time of purchase. A huge quantity of 4,450 kg plastic bags amounting to Rs 2.448 million remained unutilized till 30.06.2023. Further, 1,099 plastic bags of Eid-ul-Azha 2022 were still in balance on 30.06.2023.

Due to weak internal controls, shopping bags were purchased without immediate requirement which resulted in blockage of funds.

The matter was reported to PAO in November, 2023. The management replied that there were chances of price hikes in coming year, therefore, advantage was taken by keeping in hand some extra quantity in stock. At present, 2,900 Kg plastic bags were in stock. The management admitted the irregularity for purchase of shopper bags without immediate requirement.

DAC in its meeting held during January, 2024 directed the management to get regularization of expenditure besides fixing responsibility on the person(s) at fault. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC’s directives.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 2.1.3 having financial impact of Rs 1.066 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 9]

2.3 Dera Ghazi Khan Waste Management Company, Dera Ghazi Khan Procedural irregularities

2.3.1 Irregular expenditure on POL – Rs 77.823 million

According to Government of the Punjab, Services & General Administration Department (Transport Pool) letter No. MTO(S&GAD) AT-II/2-9/2006 dated 26.12.2008, “Necessary arrangements are required for sealing of speedometer / milometer of all the vehicles under use in Government offices to minimize the chances of pilferage/misappropriation of fuel to save Government exchequer.”

During audit of DGKWMC for the FY 2022-23, it was observed that CEO incurred an expenditure of Rs 77.823 million on account of POL of 46 tractors trollies, 5 dumpers, 29 loader rickshaws, 4 sweeping machines and 5 truck containers. The vehicles remained operational throughout the year without functioning of speedo / hours meters. The entries in the logbooks were recorded on assumption basis instead of actual meter readings.

Due to weak internal controls, expenditure on POL was incurred without functional meters which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened till finalization of this Report despite repeated written requests made by Audit vide letter No.RDA/DGK/CD-1272 dated 10.11.2023, No.1290 dated 20.11.2023 and No.1323 dated 01.12.2023.

Audit recommends inquiry and fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.2.4 having financial impact of Rs 72.479 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 10]

2.3.2 Irregular payment of salaries to work charged employees – Rs 20.754 million

According to Para 3 of Government of the Punjab LG & CD Department letter No.SO-ADMN-II (LG) 3-55/2007 dated 03.03.2016, “It has also come to the notice of the Department that the Local Governments in Punjab are appointing the work charged / daily wages employees without adhering to the formalities pertaining to appointment and eligibility criteria provided in the relevant service rules. Therefore, it has been decided that in future no work charged / daily wages employee will be appointed without adhering to the formalities pertaining to appointment and eligibility criteria provided in the relevant service rules.”

During audit of DGKWMC for the FY 2022-23, it was observed that CEO paid salaries amounting to Rs 20.754 million to 86 work charged employees. 48 of the said work charged employees were adjusted from MC Dera Ghazi Khan and 38 were hired by the DGKWMC for 89 days, at the time of inception of the Company (three years ago). The said employees were working without any extension of service or fresh appointment. Furthermore, upon contracting with the third party for provision HR resources of 410 un-skilled, semi-skilled and skilled workers, the retention of services of work charged employees was unjustified.

Due to weak financial controls, salaries were paid to the work charged employees without valid extension and justification which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends inquiry and fixing responsibility against the person (s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.2.5 having financial impact of Rs 37.654 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 7]

2.3.3 Unauthorized purchase of stores beyond competency – Rs 9.490 million

According to powers delegated in 21st Board meeting dated 19.01.2023 of DGKWMC, “CEO is competent to approve and accept the tender for procurement up to Rs 2 million.” Further, according to 7.5.4.1.5 of Accounting and Financial Reporting Manual of LWMC, as adopted by DGKWMC, all bank accounts shall be operated upon by the joint signatures of two persons from the following signatories:

| Sr. No. | Financial Limit | Authorized Signatures |
|---------|----------------------------|--|
| 1 | Up to Rs 1 million | CFO & GM (Operation, Procurement or HR) |
| 2 | Rs 1 million to 20 million | MD/CEO & CFO. In the absence of any authority the cheque will be signed by the next higher level authority |
| 3 | Above Rs 20 million | MD with any member of Board authorized by the board for this purpose. |

During audit of DGKWMC for the FY 2022-23, it was observed that CEO made procurement of 157 tyres for tractors, trucks and dumpers valuing Rs 9.490 million. The approval of tender was granted by CEO beyond delegated schedule of powers. Further, the cheque No. 76307 dated 23.06.2023 amounting to Rs 9.490 million was signed by the CEO and Manager HR & Admn instead of CEO and CFO or next higher authority.

Due to poor financial management, tender was accepted and payment was made without observing the Board’s decision which resulted in unauthorized expenditure.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends inquiry and fixing responsibility against the person(s) at fault.

[AIR Para: 14]

2.3.4 Non finalization of annual accounts

According to Clauses 56 (a) & 48 of Article of Association, “The Company shall get its annual accounts audited from a firm of Chartered Accountants. The directors shall require to prepare and lay before the Company in Annual General Meeting such balance sheet, income and expenditure account, cash flow statement duly audited and reports as required under the act.”

During audit of DGKWMC for the FY 2022-23, it was observed that CEO incurred expenditure amounting to Rs 385.877 million but failed to prepare and get annual accounts audited from a Chartered Accountant firm. Similarly, annual accounts for Financial Year 2021-22 had also not been audited from any Chartered Accountant firm which was clear violation of clauses of Companies Act, 2017 and Articles of Association. Annual General Meeting was also not be convened due to non-certification of accounts.

Due to weak internal controls, the Accounts of the company were not audited which resulted in irregular and doubtful expenditure.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends the provision of audited accounts of the company for audit scrutiny besides fixing responsibility against the person(s) at fault.

[AIR Para: 9]

Others

2.3.5 Loss due to non-collection of share from MC – Rs 95.101 million

According to Clause 10 of the SAAMA, DGKWMC, “Amounts budgeted in the approved annual budget of the MC Dera Ghazi Khan for solid waste management shall be transferred through credit into commercial bank account of the DGKWMC.”

During audit of DGKWMC for the FY 2022-23, it was observed that CEO did not collect Rs 95.101 million on account of share of budget from Municipal Corporation Dera Ghazi Khan. Total share from MC Dera Ghazi Khan was Rs 185.798 million out of which Rs 90.697 million was received and Rs 95.101 million was not collected during Financial Year 2022-23.

Due to weak financial management, prescribed share was not recovered by the company which resulted in loss to the company.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends recovery besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.2.9 having financial impact of Rs 65.480 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 2]

2.3.6 Loss due to payment of inadmissible allowances – Rs 5.549 million

According to Government of the Punjab, S&GAD letter No.(O&M)S&GAD)5-3/2013 dated 01.03.2013, “The contract employees will not be entitled for Social Security Benefit (SSB) after regularization of their services and their pay shall be fixed at the initial of the respective pay scales.”

During audit of DGKWMC for the FY 2022-23, it was observed that CEO made overpayment of Rs 5.549 million on account of pay and allowances. Scrutiny of

service record of the MC employees transferred to the Company showed that social security benefits in lieu of pension after regularization of services and adhoc relief allowances were not deducted from the pay. The detail is as under:

| (Rupees in million) | | | |
|---------------------|---|------------------|--------------|
| Sr. No. | Description | No. of employees | Amount |
| 1 | Social Security Benefits after regularization | 114 | 3.747 |
| 2 | Adhoc Relief Allowances | 76 | 1.802 |
| Total | | 190 | 5.549 |

Due to weak internal controls, inadmissible allowances were paid to the employees which resulted in loss to the company.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends recovery besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.2.11 having financial impact of Rs 3.340 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Paras: 3, 17]

2.3.7 Non-establishment of Provident Fund – Rs 1.424 million

According to Clause 6.1 of HR Manual of LWMC adopted by the DGKWMC, “The decision as to the nature of the trust and the policy and procedures for maintenance of the Provident Fund Trust shall be developed by GM (HR & A). The company and the employees shall contribute to the provident fund at the rate of ten (10) percent of basic salary, in equal proportion.”

During audit of DGKWMC for the FY 2022-23, it was observed that CEO failed to establish Provident Fund Trust which resulted in non-deduction of share from the employees and non-contributing of share by the company amounting to Rs 1.424 million.

Due to weak internal controls, the employees' Provident Fund Trust was not established and the contribution was not deposited which resulted in violation of HR Manual.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends to establish Provident Fund Trust at the earliest.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.2.13 having financial impact of Rs 1.459 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 15]

2.3.8 Loss due to delay in approval of company as non-profit organization – Rs 1.100 million

According to Section 100C of the Income Tax Ordinance 2001, "The income of non-profit organization, trust, or welfare institutions, shall be allowed a tax credit equal to one hundred percent of the tax payable including minimum tax and final taxes payable under any of the provisions of this Ordinance."

During audit of DGKWMC for the FY 2022-23, it was observed that CEO failed to get approval of status of DGKWMC as non-profit organization from Federal Board of Revenue (FBR) till date. Withholding tax amounting to Rs 1.100 million was deducted by bank on profit earned on the balances available in the bank accounts during Financial Year 2022-23. DGKWMC was incorporated on 10.02.2020 as non-profit organization.

Due to weak financial controls and negligence of management approval of company as non-profit organization was delayed which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends inquiry and fixing responsibility against the person(s) at fault.

[AIR Para: 20]

2.4 Faisalabad Waste Management Company, Faisalabad

Procedural irregularities

2.4.1 Unauthorized expenditure on hiring of temporary establishment – Rs 579.074 million

According to letter No.RO(Tech)FD2-2/2018 dated 20.09.2019 issued by the Finance Department, Government of the Punjab and Para 2 of preface of schedule of wage rate 2019, “Appointment of temporary establishment to be made by the competent authority subject to the following conditions, the post(s) shall be advertised properly in the leading newspapers, the recruitment to all the posts be made on the basis of merit specified for regular establishment and terms and conditions of employee shall be governed under Rules 7.12 to 7.14 & 7.37 to 7.41 of DFR (Punjab Financial Handbook No.03).”

During audit of FWMC for the FY 2022-23, it was observed that CEO incurred expenditure of Rs 579.074 million on wages of 3,432 daily wage employees including waste workers, helpers, drivers, office boys, cleaners etc. The daily wage workers were hired / recruited without adopting prescribed procedure. Recruitment and attendance record of 44 Daily wage workers was not available in the office. Furthermore, 303 daily wage workers were hired excess than the sanctioned posts and 150 employees were paid without marking attendance through iris attendance system. Moreover, 88 employees of the company were found performing duties in different offices i.e. offices of Commissioner & Deputy Commissioner, Municipal Corporation, District Courts etc.

Due to weak internal controls, temporary establishment was hired and expenditure on wages was incurred in violation of prescribed procedure which resulted in unauthorized expenditure.

The matter was reported to PAO in November, 2023. The management replied that FWMC hired the staff after advertisement and walk in interviews. Further, in pursuance of clause 2(c) and 2(g) of SAAMA, FWMC hired 500 waste workers to enhance the existing organizational structure with the approval of the Board after taking the LG&CD Department in loop. The reply was not

tenable as the staff was hired without adopting prescribed procedure and paid salary through manual attendance.

DAC in its meeting held during January, 2024 directed CEO to hold inquiry with special focus on sanctioned strength, recruitment of excess employees, process of recruitment and action against absentee employees within 30 days. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2022-23 and 2019-20 vide para numbers 2.3.5 and 5.2.6.1.4 respectively having financial impact of Rs 42.338 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 10]

2.4.2 Irregular payment of honorarium in violation of policy criteria – Rs 65.336 million

According to provision 6.2 of HR Manual of FWMC, “The purpose of bonus policy is to ensure that the recommendations, the approval and payment of bonuses are applied in a fair and consistent manner in accordance with the FWMC’s overall remuneration strategy and structure, and its employment contracts. Any employee who has completed at least 180 days’ service with FWMC during the year shall be entitled for consideration for bonus. Bonus shall be paid according to performance of the management employees at the sole discretion of the Management.”

During audit of FWMC for the FY 2022-23, it was observed that CEO made payment of honorarium amounting to Rs 65.336 million to corporate employees, regular staff and daily wage workers in October, 2022 on performing duty during Eid-ul-Azha days. However, the honorarium was paid in violation of provisions of HR Manual, the detail is as under:

- i. Honorarium was paid to the corporate employees & regular staff amounting to Rs 38.491 million who were also compensated with incentive of 13th salary, equal to one month’s gross salary, as bonus in

January, 2023 for performance of duty on special days. The bonus was paid despite the Company was running huge deficit.

- ii. Honorarium amounting to Rs 26.845 million was paid to daily wage workers who were employed for 89 days whereas qualifying length of service during the year for eligibility of incentive was 180 days as per HR Manual.

Due to weak internal controls and financial indiscipline, honorarium was paid to the employees in violation of criteria of HR Manual which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The management replied that FWMC awarded one general bonus in shape of 13th salary, under the provisions of Section 6.2.2 of HR Manual to regular and corporate employees for performing special duties on public holidays. Moreover, in pursuance of Section of HR Manual, FWMC awarded another special bonus to all employees (Corporate, Regular and Daily Wage) to acknowledge the outstanding performance of the employees on major event of Eid-ul-Azha after due approval of the Board. The reply was not tenable as bonuses were paid either without devising policy or in violation of provisions of Company's HR Manual.

DAC in its meeting held during January, 2024 directed the CEO to provide devised policy to Audit for verification. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2022-23 and 2020-21 vide para numbers 2.3.4 and 5.4.1.1 respectively having financial impact of Rs 85.730 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 18]

2.4.3 Irregular expenditure due to ineffective monitoring of fuel consumption – Rs 53.008 million

According to Rule 4(3) of Public Sector Companies (Corporate Governance) Rules, 2013, “The Chief Executive is responsible for making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively.” Further, according to Provision 12.1 of the Accounting and Financial Reporting Manual FWMC, “The Managing Director or his designee has delegated authority to maximize the use of resources, through the achievement of economy, efficiency and effectiveness and for ensuring that financial considerations are taken into account, at all stages of the decision-making process.”

During audit of FWMC for the FY 2022-23, it was observed that transport pool of FWMC had various operational vehicles including dumper trucks, arm-roll vehicle etc. for collection and transportation of waste to dumping site and eight vehicles including Suzuki Mehran and Suzuki Bolan as pool vehicles to be used as staff cars during Financial Year 2022-23. However, following discrepancies were observed in fuel consumption costing Rs 53.008 million of these vehicles:

- i. The operational vehicles were monitored through automated Vehicle Tracking System (VTS) as well as through maintenance of manual logbooks. However, a comparative analysis of milage recorded in logbooks and milage covered as per VTS report of 15 vehicles depicted that tracker of 8 vehicles remained non-responsive in different months and trackers of 07 vehicles showed zero millage in monthly monitoring reports. Whereas, log books of these vehicles showed millage of 520,514 kilometers which resulted in unauthentic utilization of fuel costing Rs 50.927 million during FY 2022-23.
- ii. Moreover, pool vehicles used as staff cars consumed fuel costing Rs 2.081 million during Financial Year 2022-23. However, these vehicles were used without any policy and approval of competent authority.
(Annexure-1)

Due to weak internal controls, consumption of POL of vehicles were not monitored effectively which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The management replied that VTS was a tool to monitor the real time location and running of vehicles on specified routes. However, logbooks of the vehicles maintained on actual reading of milometers which was further rechecked through Vehicle Trip Counting Slip System at FWMC weighbridge. Further, most of the vehicles in FWMC were of 2007/2010 models having weak battery/self-start, deteriorated electric wiring and tracker unit fuse issues which put the trackers on non-responsive mode. Reports of non-responding trackers were shared with service provider on quarterly basis. Moreover, non-transmission of data on server due to interrupted internet supply, weak tracker signals in some areas and overcast weather conditions also caused server as not reporting mode. Furthermore, pool vehicles were used for routine office work, upon requisition form personnel concerned and approval by Pool Officer. The reply was not tenable as vehicles were not properly monitored and tackers remained on non-responsive mode for a maximum period in the year. Pool vehicles were retained and used without devising policy.

DAC in its meeting held during January, 2024 directed CEO to probe the matter and produce relevant record to Audit for verification. Non progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2022-23, 2020-21, 2019-20 and 2018-19 vide paras number 2.3.1, 5.4.1.2, 5.2.6.3.3, 5.2.6.3.2, 5.2.6.3.1, 5.2.6.1.3, and 5.2.4.3 respectively having financial impact of Rs 213.189 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Paras: 12, 13]

2.4.4 Non-transfer of deducted House Rent Allowance and Insurance Premium to MCF – Rs 2.541 million

According to Provisions 10.1.1.4 of Accounting and Financial Reporting Manual of the Company, "The Accounts and Finance Department shall process mandatory deductions from an employee's pay-cheque in compliance with

governmental regulations, and voluntary deductions within its scope in accordance with employee election. Voluntary deductions shall be made upon evidence of employee's authorization for such deductions. The Accounts and Finance Department shall ensure the timely disbursement of amounts withheld from employees' pay-cheques to government in accordance with statutory regulations."

During audit of FWMC for the FY 2022-23, it was observed that CEO made mandatory deductions on account Group Insurance and House Rent Allowance from salaries of the regular employees residing in Metropolitan Corporation Faisalabad (MCF) residences amounting to Rs 2.541 million. However, the amount was not transferred to MCF and same was retained by the FWMC without any plausible reasons.

Due to weak internal controls and financial indiscipline, FWMC unduly retained the amount deducted from salaries of the employees which resulted in unauthorized retention of MCF fund.

The matter was reported to PAO in November, 2023. The management replied that due to the budget constraints funds were used to pay salaries to staff. However, pendency of Insurance & House rent would be cleared on provision of additional funds from Government of Punjab. Audit stressed to clear the liability at the earliest.

DAC in its meeting held during January, 2024 directed the CEO to transfer the amount to the quarters concerned at the earliest. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.3.7 having financial impact of Rs 9.921 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 6]

Value for money and service delivery issues

2.4.5 Uncertain financial sustainability due to high budget deficit – Rs 1,371.820 million

According to Clauses 10 & 12 of the SAAMA, “FWMC shall achieve self-sufficiency through cost recovery measure in respect of solid waste management services.” Furthermore, according to decision 6 of 41st FWMC Board of Directors Meeting, “The company shall levy user charges according to Revenue Generation Plan.”

During audit of FWMC for the FY 2022-23, it was observed that CEO failed to achieve financial self-sufficiency even after lapse of 9 years since its establishment in Year 2014 as detailed under:

- i. The company had budget estimate of Rs 2,531.260 million during Financial Year 2022-23 against PFC share of Rs 1,142.660 million and generated own sources revenue of Rs 16.780 million which resulted in budget deficit of Rs 1,371.820 million. Against the budget estimate, an expenditure of Rs 2,199.630 million was incurred. The cash deficit was met by obtaining loan of Rs 774 million from the Government of Punjab and carrying forward the liabilities of Rs 266.190 million.
- ii. The Management of FWMC Faisalabad failed to implement its Revenue Generation Plan, which was levy of User Charges @ Rs 15 per Marla leviable on households and commercial entities in connection with solid waste management. Resultantly, the Company failed to realize potential revenue amounting to Rs 1,345.110 million (approximate).

Due to weak financial management and lack of planning, comprehensive business strategy / financial plans were not implemented which resulted in high budget deficit and uncertain financial sustainability of FWMC.

The matter was reported to PAO in November, 2023. The management replied that Revenue Generation Plan was discussed in Resource Mobilization Committee meeting in May, 2023 which recommended the Proposal-1 and forwarded it to Provincial Cabinet in June, 2023. LG&CD Department initiated a summary for Chief Minister's for approval and matter was pending with

Government of Punjab for final decision. Audit stressed to pursue the case and expedite the process of approval.

DAC in its meeting held during January, 2024 directed CEO, FWMC to take up the matter with Administrative Department for early approval of Revenue Generation Plan. No progress was intimated till finalization of this report.

Audit recommends early compliance of DAC's directives.

[AIR Para: 16]

2.5 Multan Waste Management Company, Multan Procedural irregularities

2.5.1 Irregular opening of tenders by management – Rs 68.226 million

According to Clause 4.3 of Procurement and Contracts Manual of LWMC adopted by the MWMC in its 46th meeting of Board dated 27.06.2020, “Procurement Committee shall consist of the GM (P&C), GM (Operations), Chief Financial Officer, one person from Board / nominated by Board and concerned Departmental Head involved in the requisition process.” Further, according to 54th meeting of Board dated 16.10.2021, “Procurement Committee of Board of Directors was constituted under Rule 12(2) Public Sector Code of Corporate Governance (PSCCG) Rules, 2013 consisting of Mr. Malik Masroor Haider Usman as convener, Mr. Yasir Asghar Bucha, Mr. Javed Iqbal, representative of Secretary Finance and CEO MWMC as members.”

During audit of MWMC for the FY 2022-23, it was observed that CEO incurred expenditure amounting to Rs 68.226 million on account of procurement of different items i.e. tyres for vehicles, lubricants and hiring of machinery etc. The expenditure was irregular as the tendering process was not transparent. The tenders were opened by management in violation of procurement and contracts manual and in absence of procurement committee of Board. **Annexure-2**

Due to weak internal controls, tenders were opened by the company management in absence of procurement committee nominated by Board which resulted in irregular tendering process and expenditure.

The matter was reported to PAO in November, 2023. The management replied that MWMC being a public sector entity always followed the rule of law and all the procurements were made in conformity with principles of procurement. MWMC had its own Procurement Department with proper team. The reply was not tenable as the violation of Procurement and Contract Manual was not justified.

DAC in its meeting held during January, 2024 issued directions to the CFO to constitute a committee to verify each and every aspect of procurement in the lights of TORs of procurement committee and submit report for regularization. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.4.5 having financial impact of Rs 55.585 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 13]

Others

2.5.2 Doubtful consumption of POL – Rs 181.801 million

According to Section 49 of PFR-Vol-II, “Record of petrol, oil, lubricants and spare parts should be maintained separately for each vehicle. Full particulars of journey, distances between two places and purpose of journey indicating the brief particulars of the journey performed should be recorded in logbook. Furthermore, according to Government of the Punjab, Services & General Administration Department (Transport Pool) letter No. MTO(S&GAD) AT-II/2-9/2006 dated 26.12.2008, “Necessary arrangements were required for sealing of speedometer/milometer of all the vehicles under use in Government offices to minimize the chances of pilferage/misappropriation of fuel to save Government exchequer.”

During audit of MWMC for the FY 2022-23, it was observed that CEO incurred expenditure amounting to Rs 181.801 million on account of purchase of POL of vehicles, tractors, rickshaws, container lifters, loaders and dumper trucks etc. Vehicle Trip Counting (VTC) System was installed in 2017 by the company for recording usage of POL and operation of each vehicle but no trackers report was available for verification of logbooks entries. Further, 48,428 liters’ petrol was claimed against 86 loader rickshaws without obtaining fuel consumption certificate. **Annexure-3**

Due to weak monitoring mechanism, POL was drawn without recording usage of POL through VTC system which resulted in doubtful consumption of POL.

The matter was reported to PAO in November, 2023. The management replied that Vehicle Tracking and Monitoring System was installed in 126 operational vehicles by TPL Trackers Limited in 2017. The agreement expired on 31.03.2021 and was not renewed by the Authority. The trackers unit had completed 4 years and needed to be replaced. MWMC had signed a new contract with “Connexis (Pvt) Ltd” for vehicle monitoring & tracking. New trackers were installed in all active operational vehicles of MWMC. This system was under trial as reports and dashboard was not ready as per required formats and no any payment was made for those services. The VTMS had been made functional and

SOP approved from competent authority. The reply was not tenable as the delay in replacing the VTC was not justified and the expenditure against POL was incurred without obtaining fuel consumption certificate.

DAC in its meeting held during January, 2024 issued direction to conduct an inquiry through LG&CD Department Lahore to probe the matter. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2018-19 vide para number 7.2.1.4 having financial impact of Rs 11.404 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 14]

2.5.3 Loss due to hiring of staff through contractor – Rs 23.933 million

According to Clause 4.2 & 10.1.1 of Procurement and Contractual Manual, "All MWMC employees involved in the procurement process shall have the responsibility for ensuring that the procurement of goods and services for Company is carried out in a cost effective manner."

During audit of MWMC for the FY 2022-23, it was observed that CEO incurred expenditure amounting to Rs 109.020 million on account of hiring of sanitary workers from contractor instead of direct hiring of contingent paid staff. Company incurred excess expenditure amounting to Rs 23.933 million by hiring of daily wages / contingent paid staff through contractor by paying income tax Rs 8.176 million, Punjab Sales Tax on Services (PSTS) Rs 15.037 million and contractor's profit Rs 0.720 million.

Due to weak financial controls, excess expenditure was incurred on hiring of daily wagers which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. The management replied that MWMC hired the third-party workers through tendering process as per PPRA rules, 2014 which was most economical method. The reply was not tenable as the loss due to hiring of staff through contractor was not justified.

DAC in its meeting held during January, 2024 issued directions to the company's representative to conduct a study in consultation with other PSCs and report on best economic model for hiring of sweepers for waste collection by companies. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

[AIR Para: 6]

2.5.4 Irregular expenditure on hiring of machinery – Rs 23.136 million

According to Rules 59 (d)(iii& iv) of the Punjab Procurement Rules 2014, "A procuring agency may engage in negotiated tendering but this procedure shall only be used when for reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met, however, the circumstances invoked to justify extreme urgency must not be attributable to the procuring agency and the Provincial Cabinet, for reason to be recorded in writing, approves any specific procurement to be made on urgent basis and shall fix the time for such urgency."

During audit of MWMC for the FY 2022-23, it was observed that CEO incurred expenditure amounting to Rs 23.136 million on account of hiring of machinery after declaring urgency by the Deputy Commissioner as Chairman MWMC without prior approval of Provincial Cabinet, mentioning time period for reasons recorded in writing. Management initiated process for hiring of machinery and floated advertisement on 11.05.2022 with tender opening date of 30.05.2022. But after opening of financial bid procurement committee in its 17th meeting decided to cancel the tender and approved that expenditure would be incurred through quotations by declaring urgency. Audit also compared the rates paid through quotations with rates received through tender which revealed that excess payment of Rs 4.381 million was made than tender price. **Annexure-4**

Due to weak internal controls, machinery was hired by declaring urgency against procurement rules which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The management replied that the MWMC operational fleet was not sufficient to handle grand cleanliness operations at the event of Eid-ul-Azha. For that purpose, MWMC had to hire the machinery on rent. That year Operations Department of MWMC devised a plan for hiring of rental machinery services for Eid-ul-Azha 2022 (PROC # 30)” at an estimated cost of Rs 16.283 million. The reply was not tenable as no reason was offered to violate the procurement rules by declaring so called urgency.

DAC in its meeting held during January, 2024 directed the CEO to get the expenditure regularized from the Finance Department. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC’s directives.

[AIR Para:1]

2.5.5 Loss due to delay in approval of company as non-profit organization – Rs 18.178 million

According to Section 100C of the Income Tax Ordinance 2001, “The income of non-profit organization, trust, or welfare institutions, shall be allowed a tax credit equal to one hundred percent of the tax payable including minimum tax and final taxes payable under any of the provisions of this Ordinance.” Furthermore, according to Rule 4(3) of the Public Sector Companies (Corporate Governance) Rules, 2017, “The Chief Executive is responsible to implement strategies and policies approved by the Board, make appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.”

During audit of MWMC for the FY 2022-23, it was observed that CEO failed to get approval of status of MWMC as non-profit organization from Federal Board of Revenue (FBR) till date. Withholding tax amounting to Rs 18.178 million was deducted by bank on profit earned on the balances available in the bank accounts during Financial Year 2022-23. MWMC was incorporated on 12.07.2013 as non-profit organization. **Annexure-5**

Due to weak financial controls and negligence of management approval of company as non-profit organization was delayed which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. The management replied that MWMC had applied for the non-profit organization certificate with the Commissioner Tax Multan. MWMC was also focusing on completing all the formalities for availing the Tax exemption as per rules. The reply was not tenable as the MWMC was still not declared as non-profit organization.

DAC in its meeting held during January, 2024 directed the management to expedite the efforts to get approval. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number, 2.4.20 having financial impact of Rs 11.278 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 19]

2.5.6 Loss due to unauthorized payment of integrated allowance – Rs 11.242 million

According to Government of the Punjab, Finance Department, Lahore, notification No. FD.PC.2-1/2001 dated 11.07.2011, "Integrated allowance is allowed to Naib Qasids, Qasids, Daftries, Frashes, Chowkidars, Sweepers and Security Guards."

During audit of MWMC for the FY 2022-23, it was observed that CEO made payment amounting to Rs 11.242 million on account of integrated allowance to 2,000 sanitary workers, supervisors, inspectors, beldars etc. without entitlement.

Due to weak financial controls, integrated allowance was paid without entitlement which resulted in loss to the company.

The matter was reported to PAO in November, 2023. The management replied that MWMC paid the integrated allowance to the employees up to BPS-4 of CDGM handed over to MWMC through SAAMA as per Letter No. FD. PC-2-I/2005 dated 16-07-2005 issued from Finance Department, Government of Punjab, wherein revised integrated allowance to civil servants was Rs 450 per month. The reply was not tenable as the integrated allowance was not admissible to the employees of above mentioned categories.

DAC in its meeting held during January, 2024 directed the management to sort clarification from the Finance Department. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2020-21 vide para number 7.4.12 having financial impact of Rs 12.373 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para:10]

2.5.7 Loss due to non-imposition of penalty for late disbursement of wages – Rs 2.515 million

According to Clause xviii of terms & conditions of bidding documents, "The Contractor shall disburse salaries till 7th of each month. In case of delay, penalty @ of PKR 200 per worker/day will be imposed. If the salaries are not disbursed till 15th of each month, client has the right to terminate the contract under Clause 16."

During audit of MWMC for the FY 2022-23, it was observed that CEO failed to impose penalty against vendor amounting to Rs 2.515 million against the late payment of salaries to workers from the month of June, 2022 to April, 2023. As per agreement, salaries to workers were to be paid by 7th day of each month but the vendor delayed in payments up to 17th days in payment of salaries for month of April, 2023. Almost in each month the salary was not paid within the time period mentioned in the contract. The detail is as under:

(Rupees in million)

| Billing Month | Due date for disbursement of salary | Salary payment date | Number of workers | Late payment days | Fine Rs 200 Per person per day |
|---------------|-------------------------------------|---------------------|-------------------|-------------------|--------------------------------|
| Aug, 2022 | 7-Sep-22 | 9-Sep-22 | 4 | 2 | 0.002 |
| Sep, 2022 | 7-Oct-22 | 12-Oct-22 | 300 | 5 | 0.300 |
| Nov, 2022 | 7-Dec-22 | 9-Dec-22 | 298 | 2 | 0.119 |
| Jan, 2023 | 7-Feb-23 | 10-Feb-23 | 300 | 3 | 0.180 |
| Feb, 2023 | 7-Mar-23 | 10-Mar-23 | 298 | 3 | 0.179 |
| Feb, 2023 | 7-Mar-23 | 11-Mar-23 | 1 | 4 | 0.001 |
| Mar, 2023 | 7-Apr-23 | 19-Apr-23 | 299 | 12 | 0.718 |
| April, 2023 | 7-May-23 | 24-May-23 | 299 | 17 | 1.017 |
| Total | | | | | 2.515 |

Due to weak financial controls, penalty for late payment of wages to workers was not imposed against the vendors which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. The management replied that there were few delays in payment of salaries by the contractor to workers. The same matter was also highlighted during internal audit and Procurement Committee & Audit Committee of the Board directed to present the matter before Board for final approval. The reply was not tenable as no recovery was made from the vendors.

DAC in its meeting held during January, 2024 directed the management to recover the amount of penalty from defaulter. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.4.21 having financial impact of Rs 7.232 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Para: 5]

2.5.8 Non-deduction of Group Insurance – Rs 1.657 million

According to Para 10.1.1.4 of Accounting and Financial Reporting Manual, "The Accounts and Finance Department shall process mandatory

deductions from an employee’s pay-cheque in compliance with governmental regulations.”

During audit of MWMC for the FY 2022-23, it was observed that CEO failed to deduct Group Insurance amounting to Rs 1.657 million from the salaries of regular / permanent government employees working in MWMC. The detail is as under:

(Rupees in million)

| BPS | No. of employees | Group Insurance rate | No. of months | Amount |
|--------------|-------------------------|-----------------------------|----------------------|---------------|
| BPS-1 | 949 | 67 | 12 | 0.763 |
| BPS-2 | 663 | 67 | 12 | 0.533 |
| BPS-3 | 28 | 67 | 12 | 0.023 |
| BPS-4 | 94 | 67 | 12 | 0.076 |
| BPS-5 | 187 | 79 | 12 | 0.177 |
| BPS-6 | 31 | 79 | 12 | 0.029 |
| BPS-8 | 4 | 79 | 12 | 0.004 |
| BPS-9 | 19 | 79 | 12 | 0.018 |
| BPS-11 | 15 | 135 | 12 | 0.024 |
| BPS-14 | 2 | 135 | 12 | 0.003 |
| BPS-16 | 1 | 202 | 12 | 0.002 |
| BPS-18 | 1 | 392 | 12 | 0.005 |
| Total | | | | 1.657 |

Due to weak financial controls, group insurance was not deducted which resulted in violation of Government instructions.

The matter was reported to PAO in November, 2023. The management replied that all the matters of employees were dealt as per directions received from CDGM now MCM as per SAAMA and no direction whatsoever had been received in HR department since the establishment of company regarding deductions of group insurance of regular employees of MWMC. Audit stressed deductions of group insurance of regular employees.

DAC in its meeting held during January, 2024 directed the management to make compliance of audit observation. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC’s directives besides fixing responsibility against the person(s) at fault.

[AIR Para: 7]

2.6 Punjab Cattle Market Management and Development Company, Lahore

Procedural irregularities

2.6.1 Irregular expenditure for arrangements of Eid-ul-Azha – Rs 32.898 million

According to Rules 64A and 59(d)(iii) of the Punjab Procurement Rules 2014, “A procuring agency may assign whole or part of procurement process to another procuring agency with the consent of that other procuring agency. A procuring agency may engage in negotiated tendering with one or more contractors with or without prior publication of a procurement notification but this procedure shall only be used when for reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met, however, the circumstances invoked to justify extreme urgency must not be attributable to the procuring agency.”

During audit of PCMMDC for the FY 2022-23, it was observed that Chief Operating Officers (COOs) of Faisalabad and 02 other Divisions incurred expenditure amounting to Rs 32.898 million on purchase of uniforms, hiring of tentage / lighting equipment, generators, furniture, purchase of fuel, limestone, medicines, pana-flexes, janitorial items etc. The procurement process including advertisement, obtaining / evaluation of technical & financial bids, award of contracts etc. was initiated and finalized by the Head Office PCMMDC, Lahore without consent of the procuring agencies. Quantities and estimated value of items to be procured was not specified in advertisement notice. Supply orders were issued and supply received by Head Office whereas payments were made by the Chief Operating Officers. Furthermore, the HQ office issued the material to the COOs against the payment made. Transparency of the tendering process and quality assurance of the material supplied were compromised by the centralized procurement. Moreover, the field offices were not taken on board during the tendering process. The detail is as under:

| (Rupees in million) | | | |
|---------------------|----------------------|---|---------------|
| Sr. No. | Sub Office of PCMMDC | Detail | Amount |
| 1 | Faisalabad | Procurement for Eid-ul-Azha arrangement | 10.086 |
| 2 | Multan | | 12.620 |
| 3 | Sahiwal | | 10.192 |
| Total | | | 32.898 |

Due to weak internal controls, centralized bidding process was carried out without the participation of the consumer which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The COOs of Faisalabad and Multan Divisions replied that PCMMDC was a single entity being operated on Provincial level with field offices at divisional level. The Board being competent forum, after reviewing the whole procurement with excess amount, approved the payments of Eid-ul-Azha at agenda item No.11 of the 10th Board meeting on 07-09-2022. The divisional offices made payment to the suppliers / vendors. Therefore, no irregularity in procurement was committed by the PCMMDC. The reply was not tenable as procurement without consent of the procuring entity was not justified. The COO of Sahiwal Division did not submit any reply.

DAC in its meetings held during January, 2024 directed the COOs to get the matter regularized from the competent authority. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

[AIR Paras: 10,4,3]

2.6.2 Irregular transfer of funds for capital expenditure – Rs 22.285 million

According to Serial No. 4 of approved PC-1, "Provincial Government will provide full grant in aid for establishment of model market (ADP 2016-17) GR No. 2526." Further, according to Admn Approval dated 29.03.2017 of Secretary Local Government, "Funds will be placed into SDA of Divisional Commissioner, Sahiwal for execution of scheme through Communication & Works Department, Government of Punjab." Furthermore, according to Rule 4(3) of the Public Sector Companies (Corporate Governance) Rules, 2013, "The chief executive is responsible for making appropriate arrangements to ensure that funds and

resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.”

During audit of PCMMDC for the FY 2022-23, it was observed that COO Sahiwal Division transferred funds amounting to Rs 22.285 million to the XEN (Buildings) Pakpattan for construction of Model Cattle Market Arifwala which was the responsibility of the Punjab Government. The amount was transferred to the XEN (Buildings) without revising the source of funding in PC-1. Audit also observed the following irregularities:

- i. Unjustified delay in the scheme was made due to which PCMMDC Sahiwal Division had to bear the extra financial expenses of Rs 9.296 million on account of rent of leased land for organizing cattle market Arifwala near Cattle Market Kameer.
- ii. The work was awarded in June 2017 with completion period up to June, 2019 but the same remained incomplete till July, 2023. Due to delay, cost of scheme was increased to Rs 148.743 million which was also loss to PCMMDC.

Due to weak financial controls, Government of Punjab share was paid by the PCMMDC which resulted in irregular transfer of funds for capital expenditure.

The matter was reported to PAO in November, 2023. No reply was submitted by the management.

DAC meeting was not convened despite repeated written requests till finalization of this Report.

Audit recommends inquiry and fixing responsibility against the person(s) at fault.

[AIR Para: 2]

2.6.3 Irregular expenditure on rent of land acquired for establishment of cattle markets – Rs 13.666 million

According to Article 42(r) of the Articles of Association (AoA) of the PCMMDC, “The Board of Directors shall ensure compliance with the applicable

laws and rules as well as company’s internal rules and procedures.” Further, according to Rule 12 of the Punjab Procurement Rules 2014, “The procuring agency shall advertise procurement of more than two hundred thousand rupees and up to the limit of three million rupees on the website of the Authority in the manner and format specified by regulations.”

During audit of PCMMDC for the FY 2022-23, it was observed that COOs Faisalabad and Sahiwal Divisions incurred expenditure amounting to Rs 13.666 million for acquiring land on lease / rental basis from private persons for establishment of 16 cattle markets / sales point. The land was acquired without uploading procurement opportunities on the Punjab Procurement Regulatory Authority (PPRA) website and seeking availability of state land for the said purpose from the Government of the Punjab, Revenue Department. The detail is as under:

(Rupees in million)

| Sr. No. | Sub Office of PCMMDC | Detail | Amount |
|--------------|----------------------|---|---------------|
| 1 | Faisalabad | Expenditure on establishment of cattle markets on private land | 8.315 |
| 2 | | Expenditure on establishment of temporary sale point in Chiniot | 0.589 |
| 3 | Sahiwal | Expenditure on establishment of cattle markets on private land | 4.762 |
| Total | | | 13.666 |

Due to weak managerial controls, land was acquired on lease without due process which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The COO Faisalabad Division replied that efforts were being made for allocation of state land for 5 cattle markets being managed on lease land. Till acquiring of state land, the company had to obtain lease land as per rental assessments taken from the relevant district administrations. The reply was not tenable because the management did not make any efforts to acquire the state land. The COO of Sahiwal Division did not submit any reply.

DAC in its meetings held during January, 2024 directed COO to expedite the efforts for obtaining the state land for establishment of cattle markets. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

[AIR Paras: 9,18,11]

2.6.4 Irregular appointment of daily wages employees – Rs 11.304 million

According to Para 3 of Government of the Punjab LG & CD Department letter No.SO-ADMN-II (LG) 3-55/2007 dated 03.03.2016, "It has also come to the notice of the Department that the Local Governments in Punjab are appointing the work charged / daily wages employees without adhering to the formalities pertaining to appointment and eligibility criteria provided in the relevant service rules. Therefore, it has been decided that in future no work charged / daily wages employee will be appointed without adhering to the formalities pertaining to appointment and eligibility criteria provided in the relevant service rules."

During audit of PCMMDC for the FY 2022-23, it was observed that COO Multan Division made payment amounting to Rs 11.304 million to different staff appointed on daily wages without adopting proper recruitment procedures.

Due to weak financial management, appointments of daily wages staff were made without due process which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The COO replied that daily wages staff recruited as per approval of MD & budget approved by Board in its 36th meeting dated 22.07.2020. The reply was not tenable as the recruitment process was not properly adopted.

DAC in its meeting held during January, 2024 directed the COO to get the matter regularized from the competent authority. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

[AIR Para: 15]

2.6.5 Loss due to shifting of cattle markets from state land to private land – Rs 9.137 million

According to Government of the Punjab LD&CD Department letter No.AO(Dev)2-25/2014 dated 13.06.2014, under Section 195-B of the Punjab Local Government Ordinance, 2001, (as amended on 06.06.2014), “A cattle market established by a Cattle Market Management Company shall be deemed to be a cattle market organized by a Tehsil / Town Municipal Administration (TMA).” According to Rule 4(3) of the Public Sector Companies (Corporate Governance) Rules, 2013, “The Chief Executive is responsible for making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.”

During audit of PCMMDC for the FY 2022-23, it was observed that COO Bahawalpur Division made payment amounting to Rs 9.137 million against rent of land for three cattle markets which were shifted from state lands to private lease lands irregularly, whereas the same were already on state lands even before inception of company. Land was acquired in excess than requirement. The detail is as under:

| (Rupees in million) | | | | | |
|---------------------|----------------|-----------------------|--|----------------------------|------------------|
| Sr. No. | District | Name of Cattle Market | Name of Land Owner (s) | Area of Land | Agreement Amount |
| 1 | Rahim Yar Khan | Sadiqabad | 1. Mr. Asjad Hassan Saqib | 09A-06K-14M | 0.738 |
| | | Sheikh Wahan | 1. Mr. M Saleem Khan | 30 Acres | 3.300 |
| | | Bagh O Bahar | 1. Mr. Farrukh Iqbal | 03 Acres | 0.165 |
| | | Khanpur | 1. Mr. Ghulam Mustafa | 11K-15M | 0.128 |
| 2 | Bahawalnagar | Chak Madrisa | 1. Mr. M Naseer 2. Mr. Adil Naseer & 1. Mr. Khaliq ur Rehman 2. Mr. Muhammad Ashraf | 20 Acres, & 17 Acres | 2.737 |
| | | Haroonabad | 1. Mr. Khadim Hussain | 03 Acres | 0.165 |
| | | Bahawalnagar | 1. Mr. M Khan 2. Mr. Ahmed Khan | 10 Acres | 0.733 |
| 3 | Bahawalpur | Uch Sharif | 1. Mr. Ahmed Jamshed | 03 Acres | 0.192 |
| | | Tranda M Panah | 1. Mr. Irshad Ahmed 2. Mr. Sardar Shamim Khan 3. Mr. Abdul Aziz Khan | 27K-07M-45Ft | 0.325 |
| | | Bahawalpur (Khanqah) | 1. Mr. Muhammad Osman Awiasi | 03 Acres | 0.564 |
| | | Khairpur Tamewali | 1. Mr. Tariq Javed 2. Ms. Sughran Bibi | 13K-08M-81Ft | 0.090 |
| Total | | | | | 9.137 |

Due to poor financial management, cattle markets were shifted from state lands to private lands against the instructions and policy which resulted in loss to the company.

The matter was reported to PAO in November, 2023. COO Bahawalpur Division replied that an amount of Rs 316 million was earned by outsourcing of animal levy & parking fee and self-collection. Location and direct access to cattle markets were very important factors. The expense was only 2.9% of the receipts from Cattle markets. Further, out of 17 cattle markets, 8 of them were operating on state land. Reply was not tenable as rational / reasons / minutes of Board meeting to shift cattle markets from state land to private land were not produced.

DAC in its meeting held during January, 2024 directed the management to provide approval of Board to shift cattle markets from state land to private land within three days. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

[AIR Para: 15]

2.6.6 Irregular expenditure through managed quotations – Rs 6.522 million

According to Rules 12(2) and 25 of Punjab Procurement Rules, 2014, "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." Further, according to 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. The annual requirements thus determined would be advertised in advance on the PPRA's website."

During audit of PCMMDC for the FY 2022-23, it was observed that COO Multan Division incurred expenditure amounting to Rs 6.522 million on account of hiring of canopies for cattle markets and cleaning of land. The award of works was made without competition by arranging three quotations from same person.

The contact numbers and address given on the both quotations were same. Further the owner / representative of participating firms was same.

Due to weak financial controls, framework contract was executed through managed quotations which resulted in irregular expenditure.

The matter was reported to PAO in November, 2023. The COO replied that hiring of canopies and cleanliness of solid waste services for cattle markets were procured through quotation process as per PPRA rules 2014. Works were verified by Manager Operations. Comparative statement of quotations obtained from market were verified by the management of PCMMDC Multan. The reply submitted by the management was not relevant to the audit finding.

DAC in its meeting held during January, 2024 directed the COO to probe the matter and report within a month. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

[AIR Para: 11]

Value for money and service delivery issues

2.6.7 Unauthorized collection of levies / fees – Rs 525.046 million

According to Rule 90 of PLGA, 2022, “A local government may collect, through a notification published in the official Gazette, levy all or any of the taxes, fees, rates, tolls, rent and other charges.” Furthermore, according to Government of the Punjab Local Government and Community Development Department, letter No.AO-DEV (LG) 9-3/ 2016(Transparency) Dated 27.06.2016 read with minutes of meeting of the expert Sub-committee for Outsourcing of Services & Facilities in Cattle Markets of Punjab dated 18.02.2015, “It is obligatory for the Companies to strictly adhere to the provisions of the Local Government laws / rules including relevant laws, rules, manuals, policies and instructions of Government of the Punjab to ensure transparency in functioning of the Companies.”

During audit of PCMMDC for the FY 2022-23, it was observed that COOs Dera Ghazi Khan and Sahiwal Divisions allowed the contractors of cattle markets to collect receipts amounting to Rs 525.046 million against levies and fee without any notification in official Gazette. The rates of said levies were not officially published for stakeholders and general public information. The detail is as under:

| (Rupees in million) | | |
|----------------------------|-----------------------------|----------------|
| Sr. No. | Sub Office of PCMMDC | Amount |
| 1 | Dera Ghazi Khan | 346.416 |
| 2 | Sahiwal | 178.630 |
| Total | | 525.046 |

Due to weak financial controls, receipts were collected without gazette notification of levies which resulted in unauthorized collection of receipts.

The matter was reported to PAO in November, 2023. The COO Dera Ghazi Khan Division replied that the animal levy fee and parking fee was dully approved by the Board and same was prominently displayed in the cattle markets for all stakeholder. The reply was not tenable as the said fees were not notified in the official Gazette. The COO of Sahiwal Division did not submit any reply.

DAC in its meeting held during January, 2024 directed the COO Dera Ghazi Khan to get the levy and fee notified in official Gazette as well as regularization of preceding matter from the competent authority. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC’s directives.

[AIR Paras: 13,8]

2.6.8 Loss due to auction of collection rights at abnormally low price than potential revenue – Rs 414.449 million

According to Clause IV (11) of the Memorandum of Association (MoA), “Objectives of the company include to devise the most suitable mechanism for animal fee collection.” Further, according to Article 42(a,f) of the AoA, “The Board shall establish operational policies and procedures and shall prepare and execute detailed plans and programs for the furtherance of the objects of the Company.” Furthermore, according to Rule 2.33 of PFR Volume-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 PCMMDC for the FY 2022-23, it was observed that COO Faisalabad Division auctioned the collection right of Animal Levy and Parking Fee to contractors at auction amount of Rs 290.626 million without assessing potential revenue from these revenue sources. However, review of operational activity reports of five cattle markets depicted that the contractors realized income amounting to Rs 705.075 million from the said revenue sources which was 143% more than the contract value of the collection rights and earned gross profit of Rs 414.449 million. The detail is as under:

(Rupees in million)

| Sr. No. | Market Name | Revenue earned by Contractors | Contract Value | Difference | % of Contract value |
|--------------------|------------------------------|-------------------------------|----------------|----------------|---------------------|
| 1 | Cattle Market Jaranwala | 10.650 | 2.615 | 8.035 | 307.3% |
| 2 | Cattle Market Maluhana Jhang | 465.075 | 162.260 | 302.815 | 186.6% |
| 3 | Cattle Market Shorkot City | 15.861 | 7.051 | 8.810 | 124.9% |
| 4 | Cattle Market Chiniot | 123.007 | 67.200 | 55.807 | 83.0% |
| 5 | Cattle Market Niamoana | 90.482 | 51.500 | 38.982 | 75.7% |
| Grand Total | | 705.075 | 290.626 | 414.449 | 142.6% |

Due to negligence on the part of management, collection rights were awarded without consideration of potential revenue which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. The management replied that PCMMDC at Head Office level advertised outsourcing / auctioning of collection rights of animal levy / parking fee in all cattle markets of the Punjab. Subsequently Board of the PCMMDC approved the received bids which were higher than the reserve price. The reply was not tenable as revenue sources were auctioned without assessing the potential revenue from the said income sources.

DAC in its meeting held during January, 2024 directed COO to produce basis of reserve price and detailed assessment of actual collection / revenue from the income sources on which the contracts were awarded. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

[AIR Para: 12]

Others

2.6.9 Non-recovery / deposit of taxes – Rs 295.610 million

According to Sr. No.56 of the 2nd Schedule read with Rule 10(1) of Punjab Sales Tax on Services Act 2012, “PSTS shall be paid @ 16% of value of taxable services provided by a contractor of debt collection, rent collection, or similar other recovery or collection services including right to collect the toll or fee or regulatory fee or duty or any other similar collection.” Further, according to Section 236(A)(1,2) of Income Tax Ordinance 2001, “Advance tax @10% of the gross sale price of any property or goods sold by auction shall be recovered along with each instalment.”

During audit of PCMMDC for the FY 2022-23, it was observed that COOs of Bahawalpur and 04 other Divisions auctioned the collection rights of income sources of animal levy and parking fee to different contractors. Contrary to the above provisions, the management did not recover PST @ 16% and Income Tax @ 10% amounting to Rs 295.610 million from the contractors. The detail is as under:

(Rupees in million)

| Sr. No. | Sub Office of PCMMDC | Detail | Amount |
|--------------|----------------------|------------------------------|----------------|
| 1 | Bahawalpur | Punjab Sales Tax on Services | 54.448 |
| | | Income tax | 0.323 |
| 2 | Dera Ghazi Khan | Income tax | 0.493 |
| | | Punjab Sales Tax on Services | 58.570 |
| 3 | Faisalabad | Punjab Sales Tax on Services | 55.042 |
| | | Income tax | 6.668 |
| 4 | Multan | Punjab Sales Tax on Services | 94.276 |
| 5 | Sahiwal | Punjab Sales Tax on Services | 25.790 |
| Total | | | 295.610 |

Due to poor financial management, either taxes were not recovered from the contractors or collected taxes were not deposited into the Government Treasury which resulted in loss to Government and unauthorized retention of public money.

The matter was reported to PAO in November, 2023. The COOs Bahawalpur, Dera Ghazi Khan and Multan Divisions replied that PSTS was not

applicable on parking and entry fee whereas efforts were being made to recover outstanding amount of income tax. Reply was not tenable as PSTS was applicable on fee collection and parking fee vide Para No. 4(12)(VII) and 4(12)(X) of Punjab Finance Act, 2018. The COO, Faisalabad Division replied that after incorporating rebate to the contractors, all income tax had been deposited on realized amount. Reply was not tenable as rebate was granted in violation of Rule 29 of the Punjab Local Governments (Auctioning of Collection Rights) Rules 2016 and the terms & conditions shown at Sr. No. 27 of the agreement deed between the contractors and the PCMM&DC. The COO of Sahiwal Division did not submit any reply.

DAC in its meetings held during January, 2024 directed the COOs to recover income tax from the concerned within a month and sort clarification from Punjab Revenue Authority for applicability of PSTS. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.5.30 having financial impact of Rs 390.880 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Paras: 6,16, 3, 5,2, 5, 3,10]

2.6.10 Loss of revenue due to unjustified fixing of reserve price and auction at lower price – Rs 237.172 million

According to Rule 12(4) a & b of PCMMDC Auction & Enlistment Policy 2022, "The highest bid, above the reserved price, shall reasonably justifiable and not have scope of future enhancement in view of the company."

During audit of PCMMDC for the FY 2022-23, it was observed that COO Multan Division accepted the bid for auction of animal entry fee as well as parking fee less than the last year auction price for Rs 164.312 million. Further, COO, PCMMDC Sahiwal Division, fixed the reserve price without considering the income from sources of allied services in the cattle markets having last year bench mark of Rs 72.860 million. The detail is as under:

(Rupees in million)

| Sr. No. | Sub Office of PCMMDC | Description | Amount |
|--------------|----------------------|--|----------------|
| 1 | Multan | In 04 cattle markets auction price of financial year 2022-23 was less than auction amount of financial year 2021-22 | 164.312 |
| 2 | Sahiwal | In 17 cattle markets reserve price was calculated without taking income of allied services during financial year 2021-22 and 2022-23 | 72.860 |
| Total | | | 237.172 |

Due to weak financial controls, cattle markets were auctioned at less auction price as compare to last year which resulted in loss to the company.

The matter was reported to PAO in November, 2023. The COO Multan replied that Board of PCMMDC in its 11th meeting held on 28-10-2022 approved the formula for calculation / fixation of reserve prices of Cattle Markets for Financial Year 2023-24. The reply was not tenable as no minutes of the Board describing the reducing of reserve price was produced. The COO Sahiwal Division did not submit any reply.

DAC in its meeting held during January, 2024 directed the COO Multan to inquire the matter and submit report within one month. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

[AIR Paras: 19,13]

2.6.11 Loss due to non-recovery of arrears from the defaulting contractors - Rs 165.311 million

According to Para IV(10) of Memorandum of Associations of PCMMDC, "Objective of the company was to collect fee on animal in the cattle markets of the Punjab as per directions of Government of the Punjab."

During audit of PCMMDC for the FY 2022-23, it was observed that COOs of Bahawalpur and 02 other Divisions failed to recover arrears amounting to Rs 165.311 million from the contractors of collection rights of revenue sources pertaining to the Financial Years 2019-20 & 2021-22. However, management of the Company referred the case to the Deputy Commissioner, Faisalabad to declare outstanding dues of contractors as arrears of land revenue but the matter

was not persuaded vigorously as a result receivables were still outstanding despite lapse of considerable period of time. The detail is as under:

(Rupees in million)

| Sr. No. | Sub Office of PCMMDC | Detail | Amount |
|----------------|-----------------------------|---------------------------------------|----------------|
| 1 | Bahawalpur | Vehicle parking fee / animal levy fee | 21.600 |
| | | | 3.848 |
| 2 | Dera Ghazi Khan | | 24.734 |
| 3 | Faisalabad | | 115.129 |
| Total | | | 165.311 |

Due to weak financial controls, due efforts were not made to effect recovery from the contractors which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. The COOs of Bahawalpur and Dera Ghazi Khan Division replied that all out efforts were being made to recover outstanding arrears from the concerned. COO Faisalabad replied that said arrears pertained to 2019-2020 for the era of covid-19. This office had forwarded the request to district collector / Addl. Commissioner Revenue for recovery of the said amounts. Reply was not tenable as recovery was not affected from the concerned despite lapse of a considerable time.

DAC in its meetings held during January, 2024 directed the COOs to recover outstanding arrears from the concerned within a month. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 2.5.31 having financial impact of Rs 322.912 million. Recurrence of same irregularity is a matter of serious concern.

[AIR Paras: 10,13, 2,8]

2.6.12 Grant of inadmissible rebate to contractors – Rs 154.745 million

According to Rule 29 of the Punjab Local Governments (Auction of Collection Rights) Rules, 2016 and Para 29 of PCMMDC Auction & Enlistment policy 2022, "The contractor shall not be entitled to rebate on any ground what so ever." Further, according to Article 42(r) of AoA of the PCMMDC, "The Board

of Directors shall ensure compliance with the applicable laws and rules as well as company's internal rules and procedures." Further, according to Clause No.27 of the contract agreement between the contractors and PCMMDC, "The company shall not be responsible for the loss sustained by the contractor due to any reason including crises in the country, emergency conditions, natural calamities, pandemics (Covid-19 etc.), litigation from general public, force majeure etc. and the contractor shall not be entitled to claim any rebate."

During audit of PCMMDC for the FY 2022-23, it was observed that COOs of Bahawalpur and 03 other Divisions allowed rebates of Rs 154.745 million to the contractors of outsource income. As per auction terms and conditions and according to agreement, rebate was not allowed on any ground. But rebate was allowed due to the Limpi Skin Disease (LSD) and heavy rains. The rebate was given as relief in 10th Board meeting and same was retained in the 11th Board meeting despite the Secretary Local Government and Community Development Punjab showed its serious concern on 60% relief and proposed to follow the Auction & Enlistment Policy 2022 where rebate was not admissible on any ground. The detail is as under:

(Rupees in million)

| Sr. No. | Sub Office of PCMMDC | No. of Cattle Markets | Rebate Amount |
|----------------|-----------------------------|------------------------------|----------------------|
| 1 | Bahawalpur | 16 | 50.556 |
| 2 | Dera Ghazi Khan | 22 | 52.974 |
| 3 | Faisalabad | 14 | 33.795 |
| 4 | Sahiwal | 16 | 17.420 |
| Total | | | 154.745 |

Due to negligence on the part of management, rebate was granted without admissibility which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. The COOs Bahawalpur, Dera Ghazi Khan and Faisalabad Division replied that Board of PCMMDC was empowered to take all financial and administrative decisions. The matter related to policy of the Company which was dully approved by the Board as per powers conferred under Companies Act, 2017. Reply was not tenable as rebate was allowed without amendment in enlistment policy in violation of para 30 of said policy. Further, rebate was allowed to all contractors without report /

recommendation of concerned COO regarding areas effected by flood and lumpy skin disease. The COO of Sahiwal Division did not submit any reply.

DAC in its meetings held during January, 2024 directed the COOs to regularize the matter from Administrative Department. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directive.

[AIR Paras: 18,9,11,7]

2.6.13 Loss due to non-recovery of accounts receivables – Rs 61.688 million

According to Rule 28 of the Punjab Local Governments (Auction of Collection Rights) Rules 2016, "If a contractor fails to pay dues on due date and time and fails to abide by any terms & conditions of the contract, the Local Government shall cancel the contract and may decide to re-auction the income for the remaining period of contract or may make self-collection. In both situations if the income so received is found less than the contractual amount, the difference shall be recovered from the contractor as arrears of land revenue."

During audit of PCMMDC for the FY 2022-23, it was observed that COOs of Multan and Sahiwal Divisions failed to recover the accounts receivables of Rs 61.688 million from the defaulting contractors.

Due to weak financial and operational management, non-recovery of dues from the contractors resulted in loss to the Company.

The matter was reported to PAO in November, 2023. COO Multan replied that case was under litigation and proceedings were pending in Lahore High Court. The COO of Sahiwal Division did not submit any reply.

DAC in its meeting held during January, 2024 issued direction to the COO Multan to follow-up the matter with the Honorable Court. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives.

[AIR Paras: 13,9]

2.6.14 Unjustified expenditure against hired vehicles and fuel – Rs 5.302 million

According to Rule 9 (1) and (20) of the West Pakistan Government Staff Vehicles (Use and Maintenance) Rules, 1969, “There shall be maintained, in respect of every Government vehicle, a logbook in Form ‘A’ wherein shall be entered in the journeys performed by a Government vehicle. The logbook maintained under sub-rule (1) shall remain in the custody of the driver in-charge of the vehicle and shall be examined and signed by the Officer in charge every day at the time the driver is relieved from duty.” Further, according to Rule 4 (3) of the Public Sector Companies (Corporate Governance) Rules, 2013, “The chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance and these rules. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.”

During audit of PCMMDC for the FY 2022-23, it was observed that COO Multan Division hired two vehicles (1000CC & 1600CC) for transportation of field staff from office to cattle markets. An amount of Rs 1.625 million for rent and Rs 3.677 million for fuel was paid. The vehicles were continuously hired throughout the year for amounting to Rs 59,982 and Rs 76,986 per month but neither any duty roster (deployment plan) nor detail of staff travelled in the hired vehicles was available. All the cattle markets along with allied services were auctioned to different contractors and monitoring was feasible by the operational staff having approved fuel limits, hence hiring of private vehicle was not justified.

Due to weak internal controls, expenditure was incurred without maintenance of satisfactory record to authenticate the actual expenditure which resulted in unjustified expenditure.

The matter was reported to PAO in November, 2023. COO replied that rental vehicles were hired for transporting the field operation staff to far away

cattle markets within the division for smooth operation and monitoring purposes. The staff was not paid any kind of travelling allowance / fuel to cattle attendants performing duties in cattle markets. The reply submitted without duty roaster and detail of staff using the vehicle, was not considerable.

DAC in its meetings held during January, 2024 directed the COO to probe the matter in the light of audit observation and submit report within one month. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC’s directives.

[AIR Para: 12]

2.6.15 Loss due to non recovery of late payment surcharge – Rs 2.619 million

According to Clauses 06 & 12 of the Contract Agreement between the contractors and PCMMDC, “The contractor is bound to deposit monthly instalment in advance upto 5th of each month. In case of genuine reasons, the Company may grant grace period upto seven days’ subject to payment of late payment charge @ 0.2% per day, and in case of default or non-compliance to contractual obligations the Company will have right to initiate necessary action including revoking of contract with forfeiture of securities on the risk & cost of the contractor and blacklisting of the firm.”

During audit of PCMMDC for the FY 2022-23, it was observed that COO Faisalabad Division auctioned the collection rights of parking fee and animal entry fee for three cattle markets. Scrutiny of record depicted that contractors did not deposit monthly instalments within due date and management imposed late payment surcharge @ 0.2 % per day amounting to Rs 2.619 million but the amount was neither recovered from the defaulting contractors nor adjusted from their security deposits. The detail is as under:

(Rupees in million)

| Sr. No. | Name of Cattle Markets etc. | Name of Contractors | Description | Amount |
|--------------|-----------------------------|---------------------|--|--------------|
| 1 | Cattle Market Niamiana | Zaheer Mughal | Non-recovery of late payment surcharge | 0.148 |
| 2 | Cattle Market Malhuana | | | 2.451 |
| 3 | Cattle Market Shorkot | Anayat Ullah Khan | | 0.020 |
| Total | | | | 2.619 |

Due to weak financial controls, penalty was not recovered from contractors which resulted in loss to the Company.

The matter was reported to PAO in November, 2023. The management replied that notices were served to contractors for clearance of late payment surcharges. Audit stressed to expedite the process of recovery without further delay.

DAC in its meeting held during January, 2024 directed the COO to provide relevant record to Audit for verification. No progress was intimated till finalization of this Report.

Audit recommends early compliance of DAC's directives besides fixing responsibility against the person(s) at fault.

[AIR Para: 3]

**Memorandum for Departmental Accounts Committee Paras
Pertaining to the Audit Year 2023-24**

(Rupees in million)

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|---|----------|---|---------|
| 1 | CEO, Bahawalpur Waste Management Company Bahawalpur | 1 | Non-recovery of Government dues as pointed out in previous year's Audit paras | 66.091 |
| 2 | | 4 | Loss due to non-recovery of solid waste collection charges | 3.703 |
| 3 | | 7 | Non deduction and payment of group insurance | 0.417 |
| 4 | | 12 | Irregular payment of rent without rent agreement | 0.693 |
| 5 | | 15 | Non-holding of Board of Directors and Annual General Meetings of the Company | - |
| 6 | | 16 | Physical Verification of Stores and Stocks | 13.203 |
| 7 | | 17 | Non-submission of accounts and reports as per agreement | 565.250 |
| 8 | | 19 | Loss due to delay in declaration of nonprofit organization | 0.429 |
| 9 | | 20 | Financial instability due to non-generation of revenues | 476.000 |
| 10 | CEO, Dera Ghazi Khan Waste Management Company Dera Ghazi Khan | 1 | Non realization of Govt receipts of previous years paras | 75.034 |
| 11 | | 4 | Irregular deduction of pay and allowances without deciding absent period | 3.351 |
| 12 | | 5 | Loss due to non-awarding of contract to lowest bidder | 0.211 |
| 13 | | 6 | Loss due to non-sale of solid waste | 89.440 |
| 14 | | 8 | Irregular advance payments | 2.479 |
| 15 | | 11 | Unauthentic disbursement of salaries to workers | 103.448 |
| 16 | | 12 | Irregular expenditure on repair of vehicle and machinery & equipment | 7.118 |
| 17 | | 13 | Recovery due to unauthorized payments on account of pay and allowances | 0.166 |
| 18 | | 16 | Unauthorized expenditure on repair and maintenance without measurement | 0.314 |
| 19 | | 18 | Irregular payment of previous year's liabilities | 9.077 |
| 20 | | 19 | Non-verification of deposit of Sales Tax from the supplier / vendor | 0.387 |
| 21 | CEO, Faisalabad | 1 | Unauthorized parking / retention of funds in bank | 33.456 |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|---|----------|---|-----------|
| | Waste Management Company Faisalabad | | account | |
| 22 | | 2 | Non-deposit of bank profit earned on commercial bank account into PFC | 0.249 |
| 23 | | 3 | Non auction of old material and used mobil oil | 3.766 |
| 24 | | 4 | Non-recovery of auction amount from the defaulters | 1.014 |
| 25 | | 5 | Non-recovery of income from revenue sources | 0.497 |
| 26 | | 7 | Loss due to delay in procurement of solid waste management field operational tools | 1.545 |
| 27 | | 8 | Acceptance of substandard supply of tyres | 10.513 |
| 28 | | 9 | Non-payment and undue retention of withheld taxes | 1.984 |
| 29 | | 11 | Unauthentic maintenance of log books of vehicles and excess consumption of fuel | 5.741 |
| 30 | | 14 | Unauthentic consumption of POL in operational vehicles due to excess millage | 0.348 |
| 31 | | 15 | Unauthentic expenditure on account of hiring of vehicle for eve of Eid ul Azha | 12.677 |
| 32 | | 17 | Irregular expenditure on repair of vehicles | 18.325 |
| 33 | | 19 | Recovery on account of excess paid salary and retained assets from CEOs | 0.577 |
| 34 | | 20 | Non-conducting of physical counting and improper stock management of assets | 0.000 |
| 35 | | 21 | Non-recovery of Govt. dues as pointed out in previous year audit observations | 56.687 |
| 36 | CEO, Multan Waste Management Company Multan | 2 | Non-maintenance of stock entries and consumption record | 7.473 |
| 37 | | 3 | Non recovery of Govt. dues pointed out in previous years para | 271.722 |
| 38 | | 4 | Doubtful expenditure without preparation and approval of financial statements | 1,362.770 |
| 39 | | 9 | Unauthorized payment of salaries and wages without verifiable attendance record | 937.988 |
| 40 | | 16 | Mis-procurement of lubricants, batteries, filters, brushes and furniture | 23.305 |
| 41 | | 18 | Misappropriation of stores and stock and non-conducting of annual stock taking | 0.769 |
| 42 | | 21 | Irregular payment of salaries to legal advisor appointed without approval of Government | 0.770 |
| 43 | | 22 | Non-holding of Annual General Meetings | - |
| 44 | | 23 | Non-conducting of performance evaluation of senior management of the Company | - |
| 45 | | 24 | Misappropriation of empty drums of lubricants and | 0.718 |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|---------------------------------------|--|---|--|
| | | | non-auction of dead stores and stock | |
| 46 | | 25 | Unauthorized performance of duties and payments | 19.712 |
| 47 | | 26 | Non-payment of employee benefits | 14.883 |
| 48 | | 27 | Poor performance of operational wing due to shortfall in collection of waste | - |
| 49 | | 28 | Failure in implementation of Revenue Generation Plan (RGP) | - |
| 50 | COO, PCMMDC Bahawalpur Division | 2 | Non-recovery of Government dues as pointed out during previous year's Paras | 635.186 |
| 51 | | 3 | Irregular expenditure and collection of revenue receipts without approved budget | 466.041 |
| 52 | | 4 | Non-establishment of 03 cattle markets | 82.058 |
| 53 | | 8 | Loss due to illegal grant of rebate to contractors | 50.556 |
| 54 | | 17 | Realization of Revenue without formulation of markets promotion policy | 316.1720 |
| 55 | | 19 | Non-payment of Group Medical Insurance | 0.750 |
| 56 | | 20 | Loss due to non-recovery of professional tax | 0.105 |
| 57 | | 23 | Unlawful conduct of the business of PCMM&DC | - |
| 58 | | COO, PCMMDC Dera Ghazi Khan Division | 1 | Non recovery of Government dues pointed out during previous years para |
| 59 | 6 | | Unauthorized operation of bank accounts | 18.010 |
| 60 | 8 | | Irregular expenditure due to defective tendering evaluation report | 30.637 |
| 61 | 12 | | Irregular payment of salaries due to adjusted employees | 20.803 |
| 62 | 14 | | Payment of inadmissible Allowances | 5.671 |
| 63 | 16 | | Un-lawful conduct of business of PCMMDC | 0 |
| 64 | 17 | | Non formulation / implementation of market promotion policy | 0 |
| 65 | COO, PCMMDC Faisalabad Division | 1 | Non recovery of Government dues pointed out during previous years para | 281.711 |
| 66 | | 7 | Loss due to illegal establishment of temporary sale point near cattle market Niamoana | 2.256 |
| 67 | | 13 | Incorrect maintenance of accounts | 2.496 |
| 68 | | 14 | Unlawful conduct of the business of PCMMDC | 0.000 |
| 69 | | 16 | Unauthorized payment of salary without performing duties of the post | 0.252 |
| 70 | COO, PCMMDC Multan Division | 1 | Non recovery of Government dues pointed out during previous years para | 235.061 |
| 71 | | 8 | Irregular payment of salaries to legal advisor appointed without approval of Government | 0.540 |
| 72 | | 9 | Irregular expenditure through splitting | 9.281 |
| 73 | | 10 | Uneconomical expenditure on hiring of generator | |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|---------------------------------|----------|---|---------|
| | | | instead of purchase | 0.711 |
| 74 | | 16 | Illegal establishment / functioning of PCMMDC | - |
| 75 | | 20 | Less deduction of PSTS on hired services | 0.361 |
| 76 | | 21 | Irregular opening of bank account without prior approval of Finance Department | 0.353 |
| 77 | | 22 | Non-refund of withholding tax on bank profit | 9.088 |
| 78 | | 23 | Excess payment of mileage allowance | 0.075 |
| 79 | | 24 | Non-payment of claims and creation of liabilities | 10.460 |
| 80 | COO, PCMMDC Sahiwal Division | 1 | Non recovery of Government dues pointed out during previous years para | 96.597 |
| 81 | | 4 | Excess payment to contractor of Eid-ul-Azha arrangements | 2.170 |
| 82 | | 5 | Irregular payment of salaries due to adjusted employees | 20.480 |
| 83 | | 6 | Loss to company due to hiring tentage items on higher price | 0.902 |
| 84 | | 12 | Less income than the last year & very nominal increase than the reserve price | 20.28 |
| 85 | | 14 | Irregular payment of salaries to legal advisor appointed without approval of Government | 0.54 |
| 86 | | 15 | Illegal purchase to avoid advertisement in newspaper | 3.000 |
| 87 | | 16 | Irregular expenditure and collection of revenue without approved budget | 208.175 |

Part-II

**Memorandum for Departmental Accounts Committee Paras
Pertaining to the Audit Year 2022-23**

(Rupees in million)

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|--|----------|--|---------|
| 1 | CEO, Bahawalpur Waste Management Company Bahawalpur (A.Y. 2022-23) | 2 | Irregular purchase of batteries by BWMC | 1.022 |
| 2 | | 3 | Irregular purchase of Superstructure for Arm Roll Truck and garbage containers | 17.977 |
| 3 | | 4 | Purchase of vehicles without approval of Chief Minister and austerity committee | 13.710 |
| 4 | | 5 | Suspicious validity of board of directors meetings | - |
| 5 | | 7 | Non placing funds received under PFC share into Assan Assignment Account | 144.000 |
| 6 | | 8 | Excessive expenditure on overtime due to improper management | 10.387 |
| 7 | | 9 | Non Insurance of purchased Assets | 301.439 |
| 8 | | 10 | Payment of salaries to workers / labour without opening of bank accounts | 62.172 |
| 9 | | 11 | Non preparation of accounts and disclosure of statement of compliance | - |
| 10 | | 13 | Irregular hiring of security guards without addressing grievances of non-qualified firms | 1.715 |
| 11 | | 14 | Illegal/ unauthorized working of BWMC for MC Ahmad Pur East | - |
| 12 | | 15 | Irregular purchase of lubricants and grease | 3.289 |
| 13 | | 16 | Non deduction and payment of group insurance | 0.310 |
| 14 | | 18 | Irregular repatriation of staff to MC and non-recruitment on vacant posts | - |
| 15 | | 20 | Wastage of fund due to purchase without need | 5.628 |
| 16 | | 21 | Payment of salaries to workers without observing minimum wage rates | 8.424 |
| 17 | | 23 | Resolving complaints without maintaining substantial evidence | - |
| 18 | | 24 | Loss due to non-deduction of Group Medical Insurance | 0.184 |
| 19 | | 25 | Unjustified expenditure of POL without fuel consumption certificate | 31.978 |
| 20 | CEO, Waste Management Company Bahawalpur | 27 | Non-expansion of business to private / government housing colonies/ towns for sustainability of company | - |
| 21 | (Thematic Audit) (A.Y. 2022-23) | 28 | Lack of coordination/ non preparation and submission of accounts and reports to MC / TMA Bahawalpur (City) | - |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount | |
|---------|------|--|---|---|---------|
| 22 | | 31 | Noncompliance of SAAMA, MoA, AoA and corporate governance rules due to non formulation and evaluation of KPIs | - | |
| 23 | | 32 | Non legislation for revenue generation or evolve cost recovery system since establishment of company | - | |
| 24 | | 33 | Non managing the Hospitals and Factories waste against the objective | - | |
| 25 | | 37 | Excess expenditure despite less collection of waste | 11.353 | |
| 26 | | 38 | Irregular working of company due defective Articles of Association and Memorandum of Association | - | |
| 27 | | 39 | Wasteful expenditure on purchase of different items | 5.787 | |
| 28 | | 40 | Less door to door collection of solid waste | - | |
| 29 | | 41 | Compromised working of BWMC despite heavy expenditure | - | |
| 30 | | 42 | Irregular expenditure on repair of vehicles | 2.191 | |
| 31 | | 43 | Non making policies for prevention and minimization of waste | - | |
| 32 | | 44 | Establishment of company without study and legislation | - | |
| 33 | | CEO, Bahawalpur Waste Management Company Bahawalpur (A.Y. 2021-22) | 1 | Irregular maintenance of record of Board meeting | - |
| 34 | | | 2 | Unauthorized maintenance record of company assets | 107.409 |
| 35 | 4 | | Contradictory provisions regarding constitution of BoD | - | |
| 36 | 5 | | Non-disclosure of company position due to non-developing of Performance Indicators | - | |
| 37 | 6 | | Non conduction of trainings for capacity building of staff | - | |
| 38 | 7 | | Irregular functioning of the company and expenditure thereof | 374.790 | |
| 39 | 8 | | Non-disclosure of statement of compliance status | - | |
| 40 | 9 | | Unauthorized expenditure due to change in scope of area of BWMC | 26.577 | |
| 41 | 10 | | Non-convening of Annual General Meetings | - | |
| 42 | 11 | | Non-preparation and submission of quarterly accounts to the BOD | - | |
| 43 | 12 | | Non deposit of pension contribution | 25.603 | |
| 44 | 13 | | Irregular expenditure on purchase of vehicles | 9.737 | |
| 45 | 16 | | Unjustified expenditure of POL without fuel consumption certificate | 14.339 | |
| 46 | 18 | | Non auction of unserviceable material and old machinery | 1.250 | |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|----------------|--|-----------------|--|---------------|
| 47 | | 19 | Unstable position of the company due to non repayment of loans | 660.000 |
| 48 | | 20 | Payment of salaries to workers without observing minimum wage rates | 5.061 |
| 49 | | 21 | Payment of salaries to workers / labourer without opening of bank accounts | 85.967 |
| 50 | | 22 | Less payment / non reconciliation of EOBI share by the service provider firm | 2.042 |
| 51 | | 23 | Less payment / non reconciliation of Social Security by the service provider firm | 1.551 |
| 52 | | 24 | Wasteful expenditure on tracking system of vehicles | 0.625 |
| 53 | | 25 | Doubtful expenditure on POL of vehicles | 0.618 |
| 54 | | 26 | Doubtful issuance and consumption of lime stone and plaster of Paris | 0.507 |
| 55 | | 27 | Non deduction and payment of group insurance | 0.310 |
| 56 | | 28 | Unjustified expenditure on purchase and consumption of uniform | 0.875 |
| 57 | | 29 | Doubtful drawl of POL due to difference in mileage of vehicle travelled in logbook and Vehicle Tracking and Monitoring System record | 0.196 |
| 58 | | 30 | Non conduction of bench marking and non setting of future targets | - |
| 59 | | 31 | Non submission of budget estimates and accounts to MC / TMA Bahawalpur (City) | - |
| 60 | | 32 | Non-establishment of integrated waste disposal system | - |
| 61 | | 33 | Non deliverance of duties by Board of Directors | - |
| 62 | | 10 | Non-maintenance of cash book | 509.860 |
| 63 | | 16 | Loss due to delay in declaration of company as non-profit organization | 0.748 |
| 64 | CEO, Dera Ghazi Khan Waste Management Company Dera Ghazi Khan (A.Y. 2022-23) | 21 | Wasteful expenditure against advertisement | 0.291 |
| 65 | | 22 | Unjustified expenditure on account of mobil oil change of newly purchased tractors | 0.04 |
| 66 | | 23 | Non-certification of accounts from external auditor/ firm of Chartered Accountants | - |
| 67 | | 24 | Non- disclosing statement of compliance status | - |
| 68 | | 25 | Non-calling Annual General Meeting | - |
| 69 | | 26 | Non-maintenance of fixed asset register | - |
| 70 | | 27 | Non-conducting of physical verification of stores | - |
| 71 | CEO, Dera Ghazi Khan Waste | 2 | Non-maintenance of cash book | 501.728 |
| 72 | | 9 | Irregular payment of salaries to work charged staff | 8.777 |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount | |
|---------|--|---|---|--|---|
| 73 | Management Company Dera Ghazi Khan (A.Y. 2021-22) | 10 | Irregular award of contract to PITB | 3.461 | |
| 74 | | 13 | Non-black listing of the bidder owing to refusal of supply | 1.977 | |
| 75 | | 15 | Non verification of GST | 1.801 | |
| 76 | | 16 | Less deduction of income tax on services | 0.885 | |
| 77 | | 17 | Loss due to less collection of stamp papers | 0.216 | |
| 78 | | 18 | Non- Imposition of penalty on defaulting contractors | 0.179 | |
| 79 | | 19 | Un-justified withdrawal of POL | 0.281 | |
| 80 | | 20 | Doubtful expenditure on account of POL | 0.079 | |
| 81 | | 21 | Overpayment against lubricants due to without entitlement | 0.075 | |
| 82 | | 22 | Unauthorized retention of Group Insurance | 0.037 | |
| 83 | | 25 | Poor service delivery due to non-procurement of machinery and equipment | 110.785 | |
| 84 | | 28 | Non finalization of bench marking and non-fixing of key performance indicators (KPIs) | - | |
| 85 | | 29 | Poor performance due to 67% vacant posts of Administrative, Financial and Planning Branches | - | |
| 86 | | 30 | Non-certification of accounts from external auditor/ firm of chartered accountants | - | |
| 87 | | 31 | Non- disclosing statement of compliance status | - | |
| 88 | | 32 | Non-calling Annual General Meeting | - | |
| 89 | | 33 | Non maintenance of fixed asset register | - | |
| 90 | | CEO, Dera Ghazi Khan Waste Management Company (Thematic Audit) (A.Y. 2022-23) | 2 | Poor performance due to vacant posts of company staff | - |
| 91 | | | 7 | Working of janitorial staff without safety kits, mechanism and trainings | - |
| 92 | 13 | | Formation of BoD without Considering the Public Representative | - | |
| 93 | CEO, Faisalabad Waste Management Company Faisalabad (A.Y. 2022-23) | 9 | Non insurance of vital assets by NACL | 0 | |
| 94 | | 12 | Loss due to purchase of mobile phone at higher rates | 0.200 | |
| 95 | | 17 | Excessive expenditure on rent of pickups etc. | 2.878 | |
| 96 | | 20 | Non replacement of substandard tyres | 0.561 | |
| 97 | | 21 | Incorrect preparation of accounts / financial statements | 0 | |
| 98 | 24 | Undue closing of complaints | 0 | | |
| 99 | CEO, Faisalabad Waste Management Company Faisalabad | 4 | Unauthorized advance withdrawal of funds from SDA | 250 | |
| 100 | | 11 | Loss due to payment of salaries through universal cheques | 1.249 | |
| 101 | | 15 | Procurement of vehicles spare parts without | 49.751 | |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|--|----------|--|-----------------------------------|
| | (A.Y. 2021-22) | | advertisement | |
| 102 | | 16 | Irregular purchase without entering into formal agreements | 3.105 |
| 103 | | 20 | Wasteful expenditure on installation of trackers on operation vehicles | 1.079 |
| 104 | | 23 | Unauthorized Payment of monthly honorarium to MCF employees working in FWMC | 0.400 |
| 105 | | 24 | Non-implementation of BoD decision regarding group life insurance of corporate staff | 0.600 |
| 106 | | 25 | Excess Payment by applying higher rates | 0.064 |
| 107 | | 26 | Non-deduction of Income Tax and PSTS | 0.02 |
| 108 | | 27 | Improper maintenance of physical asset register | - |
| 109 | | 2 | Non-deduction of liquidated damages from payment of rental machinery | 0.080 |
| 110 | | 3 | Loss due to non-awarding of contract to lowest bidders | 0.670 |
| 111 | | 7 | Loss due to non-recovery of cleanliness amount from Fruit & vegetable market Multan | 0.440 |
| 112 | | 9 | Loss due to excess payment than actual claim | 0.200 |
| 113 | CEO, Multan Waste Management Company Multan (A.Y. 2022-23) | 16 | Irregular deduction of pay and allowances without deciding absent period | 16.026 |
| 114 | | 17 | Non-insurance of assets having approximate value | 289.247 |
| 115 | | 18 | Understated value of assets in financial statements | 270.000 |
| 116 | | 22 | Non-holding of Annual General Meeting for FY2020-21 | - |
| 117 | | 23 | Non-conducting of performance evaluation of senior management of the Company | - |
| 118 | | 25 | Financial un-sustainability due to budget deficit | 221.196 |
| 119 | | 27 | Doubtful expenditure on POL | 0.060 |
| 120 | | 28 | Non-completion of inquiries and fixing of responsibilities | 0.000 |
| 121 | | 29 | Non-conducting of physical verification of stores | 0.000 |
| 122 | | | 3 | Irregular excess payment of TA/DA |
| 123 | CEO, Multan Waste Management Company Multan (A.Y. 2021-22) | 5 | Excess payment to contractor of Hiring of services from 3 rd party | 0.517 |
| 124 | | 7 | Bogus billing by giving costly uniform / wedding suit to drive of MD by tempering dates on invoice | 0.040 |
| 125 | | 14 | Irregular payment of advance Rent | 1.579 |
| 126 | | 17 | Irregular purchase of dust bins without approval of BoD | 5.810 |
| 127 | | 19 | Irregular purchase of photocopy machine, camera and reconditioned IT equipment's | 16.469 |
| 128 | | 22 | Unauthorized payment of advertisement charges out | 1.670 |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|---|----------|---|-----------|
| | | | of project cost | |
| 129 | | 24 | Non-filing of income tax return | 9.706 |
| 130 | | 26 | Misappropriation of four hundred ninety old tyres | 0.735 |
| 131 | | 29 | Less received of profit on TDRs | 0.542 |
| 132 | | 31 | Non-insurance of assets of value | 286.968 |
| 133 | | 35 | Defective approval of budget 2020-21 by BoD without mentioning head wise approved amount | 2,351.050 |
| 134 | | 36 | Irregular expenditure due to misclassification | 6.710 |
| 135 | | 37 | Unjustified withdrawal of pay without/ fake date of joining and date of birth | 83.584 |
| 136 | | 38 | Irregular expenditure on by splitting Indent to avoid the tender process & advertisement | 0.787 |
| 137 | CEO, Multan Waste Management Company Multan (Thematic Audit) (A.Y. 2022-23) | 1 | Non establishment of Key Performance indicators / targets | - |
| 138 | | 4 | Non preparation of annual recruitment of plan and non-filing of vacant posts | - |
| 139 | | 8 | Failure in implementation of Revenue Generation Plan (RGP) | - |
| 140 | | 1 | Non-recovery of Government dues as pointed out during previous year's Audit Paras/Observations | 332.167 |
| 141 | | 2 | Irregular drawl of funds from petty cash without pre-audit | 0.653 |
| 142 | | 4 | Discrepancies in method of payment and pre-audit in the Company | 0 |
| 143 | | 6 | Non-establishment of sale points and arrangements for Eid-ul-Azha | 0 |
| 144 | | 7 | Irregular payment of salaries to the Managing Director | 6.72 |
| 145 | COO, PCMMDC Sub-office Bahawalpur (A.Y. 2022-23) | 8 | Irregular purchases of computer hard disks due to changes in specifications | 0.192 |
| 146 | | 9 | Non-insurance of purchased assets | 0 |
| 147 | | 10 | Illegal transfer of assets to unauthorized entity | 0.196 |
| 148 | | 13 | Non-maintenance of PERs of the board's members | 0 |
| 149 | | 14 | Non-transfer of ownership cattle market's land in the name of PCMMDC Bahawalpur Division | - |
| 150 | | 16 | Non implementation of salary structure for core team | 0 |
| 151 | | 17 | Irregular payment of pay and allowances | 3.686 |
| 152 | | 19 | Misleading reporting of receipts due to non-deposit of amounts of security in separate bank account | 23.911 |
| 153 | | 20 | Illegal auction of contracts of cattle markets by PCMMDC Lahore | 331.308 |
| 154 | | 21 | Doubtful award of contract on the basis of invalid | 0.338 |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|---|----------|--|--|
| | | | affidavit | |
| 155 | | 22 | Unauthentic receipts without maintenance of essential/back up record of receipts | 576.848 |
| 156 | | 24 | Irregular appointment on the basis of joining beyond stipulated time period of job offer letters | 3.52 |
| 157 | | 25 | Irregular adjustment of amount security in the final installments of the contractors | 1.452 |
| 158 | | 26 | Loss due to non-imposing penalty for delay in payment of installments | 1.003 |
| 159 | | 27 | Inconsistency in Cattle Market Management System | - |
| 160 | | 28 | Irregular auctioning of tentage services on the bases of violation of PPRA rules | 10.153 |
| 161 | | 30 | Loss due to less collection of auction money and short recovery in self collection | 7.263 |
| 162 | | 31 | Irregular payment without availability of full time Divisional Internal Auditor and performing of functions of pre-audit by person of Finance branch | - |
| 163 | | 34 | Irregular adjustment of employees of CMMC BWP to PCMMDC without adoption of fresh recruitment process – Rs 31.540 million | 31.540 |
| 164 | | 1 | Unjustified transfer of funds to the CMMC | 55.783 |
| 165 | | 3 | Non surrendering of savings out of Special Drawing Account (SDA) | - |
| 166 | COO, PCMMDC Sub-office Bahawalpur (Special Study 2021-22) | 13 | Non-obtaining of membership of National and International Bodies | - |
| 167 | | 23 | Non finalization of cases of show cause/explanation | - |
| 168 | | 28 | Less collection of parking fee | 10.721 |
| 169 | | 29 | Non recovery of receipts of tori parali | 6.537 |
| 170 | | 35 | Illogical expenditure due to non-reflecting in the books of accounts | 33.838 |
| 171 | | 37 | Public opinion regarding services/performance of CMMC | - |
| 172 | | | 15 | Unauthorized retention of taxes deducted at source |
| 173 | | 18 | Irregular repair and maintenance of building without estimates and measurement book | 0.199 |
| 174 | COO, PCMMDC Sub-office Dera Ghazi Khan (A.Y. 2022-23) | 20 | Non-reconciliation of difference in bank figure and Financial Statement | 1.407 |
| 175 | | 21 | Irregular expenditure due to defective tendering process | 6.607 |
| 176 | | 22 | Non-appointments of key managerial and staff | - |
| 177 | | 23 | Non-formulation of key performance indicators | - |
| 178 | | 24 | Unjustified expenditure on construction of khurli | 1.267 |
| 179 | | 25 | Non-approval of Financial Statements on quarterly | - |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|--|---|---|-----------|
| | | | basis by BoD and Non-maintenance of mandatory returns | |
| 180 | | 26 | Non-formulation policy for Environmental Impact Assessment | - |
| 181 | | 30 | Irregular amalgamation of cattle market management companies | - |
| 182 | COO, PCMMDC Sub-office Dera Ghazi Khan (Special Study 2021-22) | 1 | Establishment of company without compliance of provisions of Public Sector Companies (Corporate Governance) Rules, 2013 | - |
| 183 | | 6 | Unjustified operation of Company activities due to expiry of period of Board of Directors | - |
| 184 | | 7 | Irregular composition of the Board of Directors and meetings thereof | - |
| 185 | | 10 | Illegal establishment/functioning of PCMMDC | - |
| 186 | | 11 | Non formulation of policy for animal waste and Evasion of Environmental Impact Assessment (EIA) | - |
| 187 | | 12 | Potential loss of revenue from operation of cattle markets | 4,615.063 |
| 188 | | 13 | Unrealistic figure of receipts collected through self-collection | 363.602 |
| 189 | | 14 | Loss to company fund due to delay in levy of "Entry Fee" | 2.178 |
| 190 | | 20 | Potential loss due to illegal cattle trade in non-opted Cattle Markets | 68.914 |
| 191 | | 23 | Non conduct of training program for capacity building | - |
| 192 | | 25 | Non adoption of animal identification concept (Ear-Tagging) | - |
| 193 | | 26 | Operation of CMMC without formulation of KPIs | - |
| 194 | | 28 | Non formulation of markets promotion policy | - |
| 195 | | 30 | Poor Service Delivery in Cattle Market | - |
| 196 | | 31 | Non-provision of Electricity and Diesel Generator in Cattle Market | - |
| 197 | | 33 | Non construction of toilets | - |
| 198 | | 35 | Non formation of barbed wire for security purpose in cattle market | - |
| 199 | | 36 | Non-provision of slaughtering Services | - |
| 200 | | 37 | Non/Less provision of veterinary Services for animals by the Cattle Market Management Company | - |
| 201 | | 38 | Non provision of value added services | - |
| 202 | 39 | Non implementation of new technologies relevant to cattle markets 'management | - | |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|--|---|--|---------|
| 203 | COO, PCMMDC Sub-office Faisalabad (A.Y. 2021-22) | 9 | Irrational changing the mode of management of Cattle Market | - |
| 204 | | 17 | Non-recruitment of managerial staff | - |
| 205 | | 22 | Nomination of Directors without ensuring professional experience | - |
| 206 | | 33 | Non taking over building of model cattle market | - |
| 207 | | 34 | Vague company objectives | - |
| 208 | COO, PCMMDC Sub-office Faisalabad (A.Y. 2022-23) | 6 | Irregular appointment of legal advisor without prior approval of Government | 0.900 |
| 209 | | 9 | Irregular expenditure on daily wages staff | 0.386 |
| 210 | | 12 | Non-independence of Internal Auditor | - |
| 211 | | 13 | Non recruitment of managerial staff | - |
| 212 | | 14 | Non-formulation of key performance indicators | - |
| 213 | | 15 | Non-formulation policy for Environmental Impact Assessment | - |
| 214 | | 16 | Non-preparation of quarterly and annual financial statements | - |
| 215 | | 22 | Payment of inadmissible remuneration for additional charge | 0.158 |
| 216 | COO, PCMMDC Sub-office Multan (A.Y. 2022-23) | 2 | Non-compliance of observations issued in previous years' audit | 257.848 |
| 217 | | 5 | Irregular extension of bidding period without competition | 15.188 |
| 218 | | 12 | Loss to Company fund due to non-recovery of Animal Levy Fee despite collection of parking fee from s | 4.000 |
| 219 | | 13 | Non-reconciliation of bank and difference in bank figure and FS | 0.776 |
| 220 | | 14 | Non-deduction of Income Tax & PST | 0.104 |
| 221 | | 15 | Uneconomical expenditure on hiring of vehicle | 0.833 |
| 222 | | 21 | Non-provision of audited final accounts of PCMMDC | - |
| 223 | | 24 | Irregular adjustment of employees of MCMDC to PCMMDC without adopting fresh recruitment process | 12.079 |
| 224 | 27 | Irregular payment of pay & allowance and non-recovery of excess payment | 0.583 | |
| 225 | COO, PCMMDC Sub-office Multan (Special Study 2021-22) | 1 | Non-production of record for special study Audit | - |
| 226 | | 6 | Irrational decision of changing mode of management of cattle markets a profit-oriented segment of Local Government to Company mode of management | - |
| 227 | | 8 | Unauthorized write-off losses beyond powers | 12.102 |

| Sr. No. | DDOs | Para No. | Subject of Para | Amount |
|---------|---|---|---|---------|
| 228 | | 9 | Irregular incurring of expenditure by splitting to avoid tender | 9.579 |
| 229 | | 10 | Irregular recruitment of daily wagers and irregular payment of wages to Civil Defense staff | 4.498 |
| 230 | | 19 | Loss due to conduct of business on leased land | 9.291 |
| 231 | | 26 | Maintenance of unreliable data and difference of income reported in books of accounts and financial statements | 135.337 |
| 232 | COO, PCMMDC Sub-office Sahiwal (A.Y. 2022-23) | 1 | Non-recovery of Government dues as pointed in previous years' Audit | 55.897 |
| 233 | | 6 | Undue payment of EOBI contribution | 0.647 |
| 234 | | 18 | Non-compliance of statutory requirement and corporate governance rules | - |
| 235 | | 21 | Irregular adjustment of employees of CMMC in PCMMDC without adoption of fresh recruitment process | 15.210 |
| 236 | COO, PCMMDC Sub-office (Special Study 2021-22) | 1 | Outsourcing of Collection Rights against Services in violation of auction rules | - |
| 237 | | 13 | Loss due to Non-collection / Deposit of Animal over stay Charges in the Cattle Markets | - |
| 238 | | 14 | Loss due to Non-outsourcing of Collection Rights of Dormitories / Boarding and Lodging Facility | - |
| 239 | | 15 | Loss due to Non-outsourcing of Bank Facility | - |
| 240 | | 17 | Irrational decision of changing mode of management of cattle markets a profit-oriented segment of Local Government to Company mode of management by mal-administration | - |
| 241 | | 20 | Non-production of record for special study Audit | - |
| 242 | | 28 | Non-invoking of Whistle-Blower Protection Mechanism and Non-pursuing the matter of collapse of lintel and walls of toilet Block in the Dormitory with BoD to Fix Responsibility | - |
| 243 | 30 | Loss due to placing huge amount of funds in current account | - | |

ANNEXURES

Annexure-B

Public Sector Company wise detail of Administrative Offices

| Description | No. of Administrative Offices |
|---|-------------------------------|
| Chief Executive Officer / Managing Director | 05 |
| Chief Financial Officer | 05 |
| Company Secretary | 05 |
| Chief Internal Auditor | 05 |
| General Manager (HR & Admn) | 05 |
| Manager (HR & Admn) | 05 |
| Manager (IT) | 05 |
| Total | 35 |

Annexure-C

Audit Profile of Public Sector Companies

(Rupees in million)

| PSCs | Sr. No. | Description | Nos. | Nos. Audited | Expenditure audited FY 2022-23 | Revenue / Receipts Audited FY 2022-23 |
|---|---------|---|------|--------------|--------------------------------|---------------------------------------|
| Punjab Cattle Market Management and Development Company (Divisional Office) Bahawalpur | 1 | Formations | 1 | 1 | 94.459 | 252.831 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |
| Punjab Cattle Market Management and Development Company (Divisional Office) Dera Ghazi Khan | 1 | Formations | 1 | 1 | 46.800 | 250.968 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |
| Punjab Cattle Market Management and Development Company (Divisional Office) Faisalabad | 1 | Formations | 1 | 1 | 41.473 | 342.544 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |
| Punjab Cattle Market Management and Development Company (Divisional Office) Multan | 1 | Formations | 1 | 1 | 281.650 | 485.990 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |
| Punjab Cattle Market Management and Development Company (Divisional Office) Sahiwal | 1 | Formations | 1 | 1 | 20.020 | 130.060 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |

| PSCs | Sr. No. | Description | Nos. | Nos. Audited | Expenditure audited FY 2022-23 | Revenue / Receipts Audited FY 2022-23 |
|--|---------|---|----------|--------------|--------------------------------|---------------------------------------|
| Bahawalpur Waste Management Company Bahawalpur | 1 | Formations | 1 | 1 | 195.300 | 17.271 |
| | 2 | Assignment Accounts (excluding FAP) | | | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | | | - | - |
| | 4 | Foreign Aided Projects (FAP) | | | - | - |
| Dera Ghazi Khan Waste Management Company Dera Ghazi Khan | 1 | Formations | 1 | 1 | 115.764 | 0 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |
| Faisalabad Waste Management Company Faisalabad | 1 | Formations | 1 | 1 | 1,210.283 | 10.630 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |
| Multan Waste Management Company Multan | 1 | Formations | 1 | 1 | 1,351.612 | 1,318.280 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |
| Total | 1 | Formations | 9 | 9 | 3,357.361 | 2,808.574 |
| | 2 | Assignment Accounts (excluding FAP) | - | - | - | - |
| | 3 | Authorities / Autonomous Bodies etc. under the PAOs | - | - | - | - |
| | 4 | Foreign Aided Projects (FAP) | - | - | - | - |

Annexure-D

Consolidated Statement of Receipts and Expenditure

(Rupees in million)

| PSCs | 2022-23 | Budget | Expenditure | Excess (+) / Savings (-) | Variance |
|---|--------------------|----------------|----------------|------------------------------------|-----------------|
| Punjab Cattle Market Management and Development Company (Divisional Office) Bahawalpur | Salary | 79.973 | 77.917 | -2.056 | -3% |
| | Non-Salary | 34.815 | 30.515 | -4.300 | -12% |
| | Development | - | - | - | |
| | Total | 114.788 | 108.432 | -6.356 | -6% |
| | Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 319.899 | 287.308 | -32.591 | -10% | |
| Punjab Cattle Market Management and Development Company (Divisional Office) Dera Ghazi Khan | Salary | 38.393 | 23.390 | -15.003 | -39% |
| | Non-Salary | 98.538 | 74.109 | -24.429 | -25% |
| | Development | - | - | - | |
| | Total | 136.931 | 97.499 | -39.432 | -29% |
| | Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 363.260 | 313.709 | -49.551 | -14% | |
| Punjab Cattle Market Management and Development Company (Divisional Office) Faisalabad | Salary | 37.095 | 40.069 | 2.974 | 8% |
| | Non-Salary | 48.799 | 49.456 | 0.657 | 1% |
| | Development | - | - | - | |
| | Total | 85.894 | 89.525 | 3.631 | 4% |
| | Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 342.535 | 342.768 | 0.233 | - | |
| Punjab Cattle Market Management and Development Company (Divisional Office) Multan | Salary | 57.936 | 56.949 | -0.987 | -2% |
| | Non-Salary | 90.720 | 57.589 | -33.131 | -37% |
| | Development | 214.480 | 214.480 | 0 | 0% |
| | Total | 363.136 | 329.018 | -34.118 | -9% |
| | Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 589.225 | 532.737 | -56.488 | -10% | |
| Punjab Cattle Market Management and Development Company (Divisional Office) Sahiwal | Salary | 32.348 | 26.543 | -5.805 | -18% |
| | Non-Salary | 37.997 | 31.126 | -6.871 | -18% |
| | Development | 23.425 | 22.411 | -1.014 | -4% |
| | Total | 93.77 | 80.08 | -13.69 | -15% |
| | Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 178.63 | 200.095 | 21.465 | 12% | |
| Bahawalpur Waste Management Company Bahawalpur | Salary | 450.000 | 447.750 | -2.250 | -1% |
| | Non-Salary | 119.500 | 117.500 | -2.000 | -2% |
| | Development | - | - | - | |
| | Total | 569.500 | 565.250 | -4.250 | 1% |
| | Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 503.430 | 535.000 | 31.570 | 6% | |
| Dera Ghazi Khan | Salary | 326.060 | 261.047 | 65.013 | -20% |

| PSCs | 2022-23 | Budget | Expenditure | Excess (+) / Savings (-) | Variance |
|--|--------------------|------------------|------------------------------------|------------------------------------|-----------------|
| Waste Management Company Dera Ghazi Khan | Non-Salary | 215.540 | 124.830 | 90.710 | -42% |
| | Development | - | - | - | |
| | Total | 541.600 | 385.877 | 155.723 | -29% |
| | Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance |
| Receipts | 395.000 | 394.692 | -0.308 | | |
| Faisalabad Waste Management Company Faisalabad | Salary | 1,368.600 | 1,643.060 | 274.460 | 20% |
| | Non-Salary | 431.950 | 595.950 | 164.000 | 38% |
| | Development | 3.500 | 2.500 | -1.000 | -29% |
| | Total | 1,804.050 | 2,241.510 | 437.460 | 24% |
| Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance | |
| Receipts | 1,960.000 | 1,933.440 | -26.560 | -1% | |
| Multan Waste Management Company Multan | Salary | 1,186.366 | 1,056.642 | -129.724 | -11% |
| | Non-Salary | 426.957 | 293.694 | -133.263 | -31% |
| | Development | 577.301 | 1.276 | -576.025 | -100% |
| | Total | 2,190.624 | 1,351.612 | -839.012 | -38% |
| Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance | |
| Receipts | 1,641.200 | 1,450.280 | -190.920 | -12% | |
| Total | Salary | 3,576.771 | 3,633.367 | 56.596 | 2% |
| | Non-Salary | 1,504.816 | 1,374.768 | -130.048 | -9% |
| | Development | 818.706 | 240.667 | -578.039 | -71% |
| | Total | 5,900.293 | 5,248.802 | -651.491 | -11% |
| Description | Target | Actual | Surplus (+) / Shortfall (-) | Variance | |
| Receipts | 6,293.179 | 5,990.029 | -303.150 | -5% | |

Annexure-E

Classified Summary of Audit Observations

(Rupees in million)

| Sr. No. | PSCs | Non-production of record | Reported cases of fraud, embezzlement and misappropriation | Procedural irregularities | | | Value for money and service delivery issues | Others |
|--------------|---|--------------------------|--|---------------------------------------|------------------------------------|--|---|------------------|
| | | | | HR / employees related irregularities | Procurement related irregularities | Management of Accounts with Commercial Banks | | |
| | | | | 1 | 2 | 3A | | |
| 1 | Waste Management Company Bahawalpur | 0 | 0 | 0 | 59.674 | 21.835 | 0 | 315.718 |
| 2 | Waste Management Company Dera Ghazi Khan | 0 | 0 | 20.754 | 87.313 | 0 | 0 | 102.074 |
| 3 | Waste Management Company Faisalabad | 0 | 0 | 644.410 | 61.638 | 0 | 1,371.820 | 0 |
| 4 | Waste Management Company Multan | 0 | 0 | 0 | 68.226 | 0 | 0 | 262.462 |
| 5 | Punjab Cattle Market Management and Development Company, Lahore | 0 | 0 | 11.304 | 84.508 | 0 | 939.495 | 1,009.224 |
| Total | | 0 | 0 | 676.468 | 361.359 | 21.835 | 2,311.315 | 1,689.478 |

Annexure-F

Status of Previous Audit Reports

| Sr. No. | PSCs | No. of Paras | | | | | Status of PAC Meetings |
|--------------|--|--------------|------------|------------|-----------|------------|------------------------------|
| | | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2022-23 | |
| 1 | Cattle Market Management Company Bahawalpur | 0 | 30 | 39 | 12 | 41 | PAC meeting was not convened |
| 2 | Cattle Market Management Company Dera Ghazi Khan | 05 | 10 | 10 | 10 | | PAC meeting was not convened |
| 3 | Cattle Market Management Company Faisalabad | 0 | 14 | 14 | 14 | | PAC meeting was not convened |
| 4 | Cattle Market Management Company Multan | 32 | 17 | 9 | 12 | | PAC meeting was not convened |
| 5 | Cattle Market Management Company Sahiwal | 7 | 0 | 4 | 7 | | PAC meeting was not convened |
| 6 | Waste Management Company Bahawalpur | 0 | 30 | 39 | 12 | 7 | PAC meeting was not convened |
| 7 | Waste Management Company Dera Ghazi Khan | 0 | 0 | 0 | 0 | 13 | PAC meeting was not convened |
| 8 | Waste Management Company Faisalabad | 0 | 26 | 19 | 14 | 26 | PAC meeting was not convened |
| 9 | Waste Management Company Multan | 0 | 41 | 67 | 18 | 25 | PAC meeting was not convened |
| Total | | 44 | 168 | 201 | 99 | 112 | |

Annexure-1**[Para: 2.4.3]****Irregular expenditure due to ineffective monitoring of fuel consumption – Rs 53.008 million****(Rupees in million)**

| Sr. No. | Vehicles No. | Non-responsive in the Month of | Cost of Fuel |
|-------------------------------|---------------------|--|---------------------|
| 1 | FDG-1077 | July, 2022 to June, 2023 | 3.433 |
| 2 | FDG-1181 | July, 2022 to June, 2023 | 2.390 |
| 3 | FDG-1182 | July, 2022 to June, 2023 | 3.401 |
| 4 | FDG-1166 | July, 2022 to June, 2023 | 3.171 |
| 5 | FDG-1040 | July, 2022 to February, 2023 & April, 2023 to June, 2023 | 3.231 |
| 6 | FDG-126 | July, 2022 to June, 2023 | 6.367 |
| 7 | FDJ-134 | July, 2022 to June, 2023 | 5.603 |
| 8 | FDJ19-89 | October, 2022 to February, 2023 & April, 2023 to June, 2023 | 4.766 |
| 9 | FDG-132 | November, 2022 to April, 2023 & June, 2023 | 3.798 |
| 10 | FDG-1038 | October, 2022 to February, 2023 & June, 2023 | 2.554 |
| 11 | FDG-1041 | August, 2022 to September, 2022 & November, 2022 to February, 2023 | 2.219 |
| 12 | FDG-1088 | October, 2022 to February, 2023 & April, 2023 to June, 2023 | 2.805 |
| 13 | FDG-1168 | July, 2022 to February, 2023 | 2.610 |
| 14 | FDG-172 | Oct. 2022 to June 2023 | 2.461 |
| 15 | FDJ19-92 | Sep. 2022 to Dec. 2022 | 2.118 |
| Sub Total | | | 50.927 |
| POL expenditure of staff cars | | | 2.081 |
| Grand Total | | | 53.008 |

Annexure-2**[Para 2.5.1]****Irregular opening of tenders by management – Rs 68.226 million****(Rupees in million)**

| Sr. No. | Particulars | Estimated Cost | Award Amount | Actual Expenditure |
|----------------|---|-----------------------|---------------------|---------------------------|
| 1 | Procurement of perfumed white phenyl for FY 2021-22 | 0.900 | 0.595 | 0.519 |
| 2 | Procurement of white powder for FY 2021-22 | 1.520 | 1.500 | 0.819 |
| 3 | Procurement of furniture for MWMC head office FY 2021-22 | 3.850 | 1.400 | 1.066 |
| 4 | Procurement of batteries for operational vehicles MWMC FY 2022-23 | 4.945 | 4.561 | 4.561 |
| 5 | Procurement of mechanical sweeper brush of MWMC FY 2021-22 | 1.649 | 1.260 | 1.243 |
| 6 | Procurement of lubricants for vehicles of MWMC FY 2021-22 | 11.752 | 11.792 | 9.911 |
| 7 | Provision of filter items for all vehicles of MWMC F.Y-2021-22 | 2.167 | 2.036 | 2.087 |
| 8 | Hiring of rental machinery services for Eid-ul-Azha 2022 | 0 | 0 | 23.127 |
| 9 | Procurement of Misc. items for Eid-ul-Azha 2022 | 8.096 | 7.140 | 7.575 |
| 10 | Hiring of security guard services for MWMC FY 2022-23 | 4.388 | 3.968 | 3.915 |
| 11 | Procurement of waste collection tools 2021-22 | 0.345 | 0.184 | 0.184 |
| 12 | Procurement of tyres | 10.427 | 8.782 | 8.782 |
| 13 | Procurement of Uniforms for sanitary workers 2022-23 | 4.808 | 4.437 | 4.437 |
| Total | | 54.847 | 47.655 | 68.226 |

Annexure-3
[Para 2.5.2]

Doubtful consumption of POL – Rs 181.801 million

(Rupees in million)

| Sr. No. | Date | BPV No | Cheque No. | Particulars | Amount |
|----------------|-------------|---------------|-------------------|--|----------------|
| 1. | 2-Jul-22 | 7 | 8067006519 | Payment to Total Parco Ltd against Interim Payment June, 2022 | 5.000 |
| 2. | 15-Jul-22 | 17 | 8067006529 | Payment to Total Parco Ltd against bill M/o June, 2022 Invoice No FA 22/151160 | 8.370 |
| 3. | 15-Aug-22 | 78 | 8067006591 | Payment to Total Parco Ltd against bill M/o July, 2022 Invoice No FA 22/151894 | 18.751 |
| 4. | 15-Sep-22 | 140 | 8067006653 | Payment to Total Parco Ltd against bill M/o Aug, 2022 Invoice No FA 22/152261 | 6.165 |
| 5. | 3-Oct-22 | 214 | 8067006728 | Payment to Total Parco Ltd against bill M/o Aug, 12-08-2022 to 31-08-2022 Invoice No FA 22/000184 | 9.742 |
| 6. | 14-Oct-22 | 242 | 8067006756 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o Sep, 2022 Invoice No FA 22/01095. | 15.646 |
| 7. | 15-Nov-22 | 289 | 8067006807 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o Oct, 2022 Invoice No FA 22/002014. | 14.012 |
| 8. | 15-Dec-22 | 370 | 8067036839 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o Nov, 2022 Invoice No FA 22/002655 | 13.664 |
| 9. | 12-Jan-23 | 431 | 8067036901 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o Dec, 2022 Invoice No FA 22/003931 | 13.934 |
| 10. | 23-Feb-23 | 482 | 8067036954 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o Jan, 2023 Invoice No FA 22/005237 | 13.284 |
| 11. | 12-Apr-23 | 569 | 8067037042 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o March, 2023 Invoice No FA 22/007150 | 15.577 |
| 12. | 12-May-23 | 634 | 8067037109 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o April, 2023 Invoice No FA 22/007150 | 17.355 |
| 13. | 15-Jun-23 | 725 | 8067037201 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o May, 2023 Invoice No FA 22/009345 | 16.332 |
| 14. | 10-Mar-23 | 25 | 52429 | Payment to Total Parco Ltd against Purchase of Fuel for the Vehicles of MWMC M/o Feb, 2023 Invoice No FA 22/005990 | 13.969 |
| Total | | | | | 181.801 |

Annexure-4**[Para 2.5.4]****Irregular expenditure on hiring of machinery – Rs 23.136 million****(Rupees in million)**

| Date | BPV No. | Cheque No. | Item Name | Party | Date | Qty | Rate Paid in Quotation Mode | Amount | SA Enterprises tender dt. 30.05.22 | Excess Rate Paid by Quotation | Excess payment after declaring urgency |
|-------------|----------------|-------------------|-------------------------|-----------------------------|-------------|------------|------------------------------------|---------------|---|--------------------------------------|---|
| 29-Aug-22 | 98 | 8067006611 | Heavy Wheel Loader | Babar & Umar Pvt Ltd | 10.07.2022 | 10 | 0.136 | 1.358 | 0.120 | 0.016 | 0.158 |
| 29-Aug-22 | 98 | 8067006611 | Heavy Wheel Loader | Babar & Umar Pvt Ltd | 11.07.2022 | 10 | 0.136 | 1.358 | 0.120 | 0.016 | 0.158 |
| 29-Aug-22 | 98 | 8067006611 | Heavy Wheel Loader | Babar & Umar Pvt Ltd | 12.07.2022 | 9 | 0.136 | 1.222 | 0.120 | 0.016 | 0.142 |
| 29-Aug-22 | 96 | 8067006609 | Suzuki Pickup | Dewan e Khans Marriage Club | 10.07.2022 | 98 | 0.017 | 1.666 | 0.013 | 0.004 | 0.372 |
| 29-Aug-22 | 96 | 8067006609 | Suzuki Pickup | Dewan e Khans Marriage Club | 11.07.2022 | 98 | 0.017 | 1.666 | 0.013 | 0.004 | 0.372 |
| 29-Aug-22 | 96 | 8067006609 | Suzuki Pickup | Dewan e Khans Marriage Club | 12.07.2022 | 55 | 0.017 | 0.935 | 0.013 | 0.004 | 0.209 |
| 29-Aug-22 | 96 | 8067006609 | Loader Rikshaw | Dewan e Khans Marriage Club | 10.07.2022 | 55 | 0.009 | 0.501 | 0.008 | 0.002 | 0.083 |
| 29-Aug-22 | 96 | 8067006609 | Loader Rikshaw | Dewan e Khans Marriage Club | 11.07.2022 | 55 | 0.009 | 0.501 | 0.008 | 0.002 | 0.083 |
| 29-Aug-22 | 96 | 8067006609 | Loader Rikshaw | Dewan e Khans Marriage Club | 12.07.2022 | 34 | 0.009 | 0.309 | 0.008 | 0.002 | 0.051 |
| 29-Aug-22 | 96 | 8067006609 | Fron End Tractor Loader | Dewan e Khans Marriage Club | 10.07.2022 | 22 | 0.032 | 0.704 | 0.027 | 0.005 | 0.119 |

| Date | BPV No. | Cheque No. | Item Name | Party | Date | Qty | Rate Paid in Quotation Mode | Amount | SA Enterprises tender dt. 30.05.22 | Excess Rate Paid by Quotation | Excess payment after declaring urgency |
|-----------|---------|------------|---------------------------|-----------------------------|------------|-----|-----------------------------|--------|------------------------------------|-------------------------------|--|
| 29-Aug-22 | 96 | 8067006609 | Fron End Tractor Loader | Dewan e Khans Marriage Club | 11.07.2022 | 22 | 0.032 | 0.704 | 0.027 | 0.005 | 0.120 |
| 29-Aug-22 | 96 | 8067006609 | Fron End Tractor Loader | Dewan e Khans Marriage Club | 12.07.2022 | 22 | 0.032 | 0.704 | 0.027 | 0.005 | 0.120 |
| 29-Aug-22 | 96 | 8067006609 | Hydraulic Tractor Trolley | Dewan e Khans Marriage Club | 10.07.2022 | 44 | 0.023 | 1.012 | 0.016 | 0.007 | 0.288 |
| 29-Aug-22 | 96 | 8067006609 | Hydraulic Tractor Trolley | Dewan e Khans Marriage Club | 11.07.2022 | 44 | 0.023 | 1.012 | 0.016 | 0.007 | 0.288 |
| 29-Aug-22 | 96 | 8067006609 | Hydraulic Tractor Trolley | Dewan e Khans Marriage Club | 12.07.2022 | 44 | 0.023 | 1.012 | 0.016 | 0.007 | 0.288 |
| 29-Aug-22 | 96 | 8067006609 | Tractor Blade | Dewan e Khans Marriage Club | 10.07.2022 | 9 | 0.032 | 0.288 | 0.027 | 0.005 | 0.047 |
| 29-Aug-22 | 96 | 8067006609 | Tractor Blade | Dewan e Khans Marriage Club | 11.07.2022 | 9 | 0.032 | 0.288 | 0.027 | 0.005 | 0.047 |
| 29-Aug-22 | 96 | 8067006609 | Tractor Blade | Dewan e Khans Marriage Club | 12.07.2022 | 9 | 0.032 | 0.288 | 0.027 | 0.005 | 0.047 |
| 29-Aug-22 | 96 | 8067006609 | Chain Dozer | Dewan e Khans Marriage Club | 10.07.2022 | 1 | 0.210 | 0.210 | 0.133 | 0.077 | 0.077 |
| 29-Aug-22 | 96 | 8067006609 | Chain Dozer | Dewan e Khans Marriage Club | 11.07.2022 | 1 | 0.210 | 0.210 | 0.133 | 0.077 | 0.077 |
| 29-Aug-22 | 96 | 8067006609 | Chain Dozer | Dewan e Khans Marriage Club | 12.07.2022 | 1 | 0.210 | 0.210 | 0.133 | 0.077 | 0.077 |

| Date | BPV No. | Cheque No. | Item Name | Party | Date | Qty | Rate Paid in Quotation Mode | Amount | SA Enterprises tender dt. 30.05.22 | Excess Rate Paid by Quotation | Excess payment after declaring urgency |
|--------------|----------------|-------------------|------------------|--------------|-------------|------------|------------------------------------|---------------|---|--------------------------------------|---|
| 29-Aug-22 | 97 | 8067006610 | Dumper Truck | Atta & Sons | 10.07.2022 | 25 | 0.100 | 2.492 | 0.083 | 0.017 | 0.414 |
| 29-Aug-22 | 97 | 8067006610 | Dumper Truck | Atta & Sons | 11.07.2022 | 25 | 0.100 | 2.492 | 0.083 | 0.017 | 0.414 |
| 29-Aug-22 | 97 | 8067006610 | Dumper Truck | Atta & Sons | 12.07.2022 | 20 | 0.100 | 1.994 | 0.083 | 0.017 | 0.330 |
| Total | | | | | | | | - | 23.136 | | 4.381 |

Annexure-5**[Para 2.5.5]****Loss due to delay in approval of company as non-profit organization –
Rs 18.178 million****(Rupees in million)**

| Sr. No. | Date | Bank Receipt Voucher No. | Particulars | Amount |
|----------------|-------------|---------------------------------|--|---------------|
| 1. | 1-Jul-22 | 1 | Advance Tax Paid WHT (deduct on interest on TDR fix amount) M/o (June, 2022) 106,027.40*6 | 0.636 |
| 2. | 4-Jul-22 | 3 | Advance Tax Paid WHT (deduct on interest on investment for the month of June 2022) | 0.363 |
| 3. | 29-Jul-22 | 11 | Advance Tax Paid WHT (deduct on interest on investment for the month of July 2022) | 0.517 |
| 4. | 1-Aug-22 | 12 | Advance Tax Paid WHT (deduct on interest on TDR fix amount) M/o (July, 2022) 109,561.64*6 | 0.657 |
| 5. | 31-Aug-22 | 22 | Advance Tax Paid WHT (deduct on interest on investment for the month of Aug 2022) | 0.390 |
| 6. | 1-Sep-22 | 23 | Advance Tax Paid WHT (deduct on interest on TDR fix amount) M/o (Aug, 2022) 109,561.64*6 | 0.657 |
| 7. | 30-Sep-22 | 40 | Advance Tax Paid WHT (deduct on interest on investment for the month of Sep, 2022) | 0.257 |
| 8. | 1-Oct-22 | 41 | Advance Tax Paid WHT (deduct on interest on TDR fix amount) M/o (Sep, 2022) 106,027.40*6 | 0.636 |
| 9. | 31-Oct-22 | 58 | Advance Tax Paid WHT (deduct on interest on investment for the month of Oct, 2022) | 0.295 |
| 10. | 1-Nov-22 | 59 | Advance Tax Paid WHT (deduct on interest on TDR fix amount) M/o (Oct, 2022) 109,561.64*6 | 0.657 |
| 11. | 9-Nov-22 | 61 | Advance Tax Paid on Profit 4090103321400287 WHT (deduct on interest on TDR) M/o (Nov, 2022) 11 days | 0.028 |
| 12. | 9-Nov-22 | 63 | Advance Tax Paid on Profit 4090103321400232 WHT (deduct on interest on TDR) M/o (Nov, 2022) 11 days | 0.028 |
| 13. | 9-Nov-22 | 65 | Advance Tax Paid on Profit 4090103321400276 WHT (deduct on interest on TDR) M/o (Nov, 2022) 11 days | 0.028 |
| 14. | 9-Nov-22 | 67 | Advance Tax Paid on Profit 4090103321400243 WHT (deduct on interest on TDR) M/o (Nov, 2022) 11 days | 0.028 |
| 15. | 9-Nov-22 | 69 | Advance Tax Paid on Profit 4090103321400265 WHT (deduct on interest on TDR) M/o (Nov, 2022) 11 days | 0.028 |
| 16. | 9-Nov-22 | 71 | Advance Tax Paid on Profit 4090103321400312 WHT (deduct on interest on TDR) M/o (Nov, 2022) 11 days | 0.028 |
| 17. | 30-Nov-22 | 77 | Advance Tax Paid WHT (deduct on interest on investment for the month of Nov, 2022) | 0.471 |
| 18. | 16-Dec-22 | 79 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (Dec, 2022) 12,00,000*6 | 1.080 |
| 19. | 31-Dec-22 | 81 | Advance Tax Paid WHT (deduct on interest on investment for the month of Dec, 2022) | 0.416 |

| Sr. No. | Date | Bank Receipt Voucher No. | Particulars | Amount |
|----------------|-------------|---------------------------------|---|---------------|
| 20. | 16-Jan-23 | 82 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (Jan, 2023) 186,000*6 | 1.116 |
| 21. | 31-Jan-23 | 86 | Advance Tax Paid WHT (deduct on interest on investment for the month of Jan, 2023) | 0.386 |
| 22. | 16-Feb-23 | 87 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (Feb, 2023) 186,000*6 | 1.116 |
| 23. | 28-Feb-23 | 89 | Advance Tax Paid WHT (deduct on interest on investment for the month of Feb, 2023) | 0.237 |
| 24. | 16-Mar-23 | 90 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (March, 2023) 186,000*6 | 1.106 |
| 25. | 31-Mar-23 | 93 | Advance Tax Paid WHT (deduct on interest on investment for the month of March, 2023) | 0.254 |
| 26. | 17-Apr-23 | 102 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (April, 2023) 235,684.93*6 | 1.414 |
| 27. | 30-Apr-23 | 109 | Advance Tax Paid WHT (deduct on interest on investment for the month of April, 2023) | 0.535 |
| 28. | 16-May-23 | 121 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (May, 2023) 240,410.96*6 | 1.442 |
| 29. | 25-May-23 | 144 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (Jan & Feb, 2023) 1*6 | 0.116 |
| 30. | 31-May-23 | 146 | Advance Tax Paid WHT (deduct on interest on investment for the month of May, 2023) | 0.671 |
| 31. | 16-Jun-23 | 153 | Advance Tax Paid WHT (deduct on interest on TDR fix amount 4080103321400048) M/o (June, 2023) 252,883.56*6 | 1.517 |
| 32. | 30-Jun-23 | 156 | Advance Tax Paid WHT (deduct on interest on investment for the month of June, 2023) | 1.068 |
| Total | | | | 18.178 |