



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
PROVINCIAL ZAKAT FUND  
AND  
DISTRICT ZAKAT COMMITTEES  
PUNJAB**

**AUDIT YEAR 2024-25**

**AUDITOR-GENERAL OF PAKISTAN**

**SERVING THE NATION BY PROMOTING ACCOUNTABILITY, TRANSPARENCY AND GOOD  
GOVERNANCE IN THE MANAGEMENT AND USE OF PUBLIC RESOURCES  
FOR THE CITIZENS OF PAKISTAN**

## PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 and Section 11 of the Punjab Zakat and Ushr Act, 2018, require the Auditor-General of Pakistan to conduct audit of the Provincial Zakat Fund, District Zakat Funds and Local Zakat Funds.

This Report is based on audit of Provincial Zakat Fund, District Zakat Funds and Local Zakat Funds of Punjab for the financial years 2018-24. The Directorate General Audit, Social Safety Nets, Islamabad, a Field Audit Office (FAO) of the Auditor-General of Pakistan, conducted audit during Audit Year 2024-25 on test check basis with a view to report significant findings to the stakeholders. The main body of the Audit Report includes only systemic issues and significant audit findings. Relatively less significant issues are listed in Annexure-I of the Audit Report, which shall be pursued with the Principal Accounting Officer (PAO) at the DAC level. In cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee in the next year's Audit Report.

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

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting till the finalization of Audit Report.

There are certain audit paras which were also reported in previous years Audit Reports for the financial years 2019-20, 2020-21, 2021-22 and 2022-23. Recurrence of such irregularities is a matter of concern and needs to be addressed.

The Audit Report is submitted to the Governor of the Punjab in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973, read with Section 11(3) of the Punjab Zakat and Ushr Act, 2018 for causing it to be laid before the Provincial Assembly.

Islamabad:  
Dated: .02.2025

Muhammad Ajmal Gondal  
**Auditor-General of Pakistan**

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## **ABBREVIATIONS & ACRONYMS**

AIR	Audit & Inspection Report
BISP	Benazir Income Support Programme
CNIC	Computerized National Identity Card
CZF	Central Zakat Fund
DAC	Departmental Accounts Committee
DAO	District Accounts Office
DAZ	Deputy Administrator Zakat
DHQ	District Headquarters
DGA-SSN	Directorate General Audit, Social Safety Nets
DZC	District Zakat Committee
DZF	District Zakat Fund
FAM	Financial Audit Manual
FY	Financial Year
HWC	Health Welfare Committee
ICT	Islamabad Capital Territory
ISSAIs	International Standards of Supreme Audit Institutions
LZC	Local Zakat Committee
M&E	Monitoring and Evaluation
MFDAC	Memorandum for Departmental Accounts Committee
MORA	Ministry of Religious Affairs
NGO	Non-governmental Organization
NIRC	National Industrial Relations Commission
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PEEDA	Punjab Employees Efficiency, Discipline, and Accountability
PLHIs	Provincial Level Health Institutions
PVTC	Punjab Vocational Training Council
PPAF	Pakistan Poverty Alleviation Fund
PZA	Provincial Zakat Administration
PZC	Provincial Zakat Council
PZF	Provincial Zakat Fund
SEEP	Sustainable Economic Empowerment Program
VTI	Vocational Training Institute

## EXECUTIVE SUMMARY

Directorate General Audit, Social Safety Nets, Islamabad is a Field Audit Office of Department of the Auditor-General of Pakistan that conducts the audit of social safety and welfare programs at Federal and Provincial levels. Its mandate includes Compliance with Authority Audit, Certification Audit of Foreign Aided Projects, Special Audit, Special Studies and Performance Audit of the entities.

The Directorate General Audit Social Safety Nets carries out the audit of Benazir Income Support Program (BISP), Pakistan Poverty Alleviation Fund (PPAF), Pakistan *Bait-ul-Mal*, Ministry of Overseas Pakistanis and Human Resource Development and all its allied offices such as Employees Old Age Benefit Institution (EOBI), Overseas Pakistani Foundation (OPF), Overseas Employment Corporation (OEC), Workers Welfare Fund (WWF), National Industrial Relations Commission (NIRC), Bureau of Emigration and Overseas Employment (BE&OE), Directorate of Workers Education (DWE), Poverty Alleviation and Social Safety Division, Central Zakat Fund (CZF), Provincial Zakat Funds (PZFs), District Zakat Funds (DZFs) and Zakat deducted by Zakat Collection Controlling Agencies (ZCCAs) /Zakat Collection Offices (ZCOs).

The Directorate General Audit, Social Safety Nets has a human resource of 28 officers and staff having 6,972 man-hours. The annual budget of the Directorate General for the Financial Year 2024-25 is Rs. 115.501 million.

### **a. Scope of Audit**

The office is mandated to conduct audit of 83 formations working under Zakat and Ushr Department Government of Punjab. Total expenditure of these formations for the financial year 2023-24 was Rs. 4,495.388 million.

This report relates to audit of 09 formations of 01 PAO having a total expenditure of Rs. 6,103.033 million for the financial years 2018-24. In terms of percentage, the audit coverage is 11 % of total formations.

### **b. Audit Methodology**

At the planning stage this office employed intensive application of desk audit techniques which included examining permanent files, computer generated data and other relevant documents along with the review of regulatory framework, policies and procedures applicable to the auditee entities. Risk assessment was

carried out by reviewing the internal control structures of the entities. Desk review helped auditors in understanding the systems, procedures and environment of the audited entity and identification of risk areas.

The audit was conducted in accordance with Financial Audit Manual (FAM) of the Department of the Auditor General of Pakistan which is in line with the International Standards of Supreme Audit Institutions (ISSAIs). The overall objective of audit was to assess compliance with law, rules/regulations and policies and evaluate the adequacy of internal controls. Evidence was primarily gathered by applying procedures like inquiries from the management; review of policy documents and monitoring reports; examination of payment vouchers; and collection, interpretation and analysis of primary and secondary data.

**c. Recoveries at the instance of Audit**

An amount of Rs. 17.020 million has been pointed out in this report as recoverable.

**d. Comments on Internal Controls and Internal Audit Department**

The audit aimed to evaluate whether internal controls within audited entities were appropriately designed, implemented, and functioning effectively. For most entities reviewed during the period 2018- 2024, it was observed that while Internal Audit departments were established, they lacked effectiveness and failed to produce regular internal audit reports. Significant instances of internal control failures were identified, leading to irregular expenditures by the respective entities. These findings highlight the need for strengthening internal audit functions to ensure robust financial governance and compliance.

**e. The key audit findings of the report;**

- i. 05 cases of irregular expenditure/payments and violation of rules amounting to Rs. 559.264 million.<sup>1</sup>
- ii. 03 cases requiring recoveries were identified, totaling Rs. 17.02 million.<sup>2</sup>

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<sup>1</sup> Para No. 1.4.2, 1.4.3, 2.4.3, 2.4.4 & 2.4.5

<sup>2</sup> Para No. 1.4.1, 2.4.1 & 2.4.2

**f. Recommendations**

The recommendations presented in this audit report are aimed at enhancing financial management and governance across the audited entities. Timely and effective implementation of these recommendations is crucial to achieving the full benefits of the audit activity. Based on the findings detailed in this report, the following key actions are recommended:

- i. Unauthorized expenditures identified during the audit should be regularized through the appropriate competent authority or forum.
- ii. Immediate measures should be taken to recover amounts highlighted in the audit observations.
- iii. The Principal Accounting Officer (PAO) is advised to periodically review and update the internal control framework of the respective entities. A robust and effective internal audit function should be established to monitor financial activities, and internal audit reports should be generated and acted upon promptly.
- iv. Entities should ensure strict compliance with the provisions of the Punjab Zakat and Ushr Act, 2018, and associated rules to fulfill the objectives of the Zakat and Ushr framework effectively.

## CHAPTER– 1 PROVINCIAL ZAKAT FUND

### 1.1 Introduction

A. The Ministry of Poverty Alleviation and Social Safety allocates Zakat funds to Provincial Zakat Councils (PZCs) based on provincial population shares. This allocation is made after direct disbursements for Gilgit-Baltistan Zakat Fund, Islamabad Capital Territory, natural calamities or emergency relief, and other administrative or non-administrative expenses, including special Eid grants. In addition to regular Zakat disbursement programs, funds are earmarked for educational stipends.

The Provincial Zakat Administration (PZA) in Punjab disburses these funds to District Zakat Committees (DZCs) and provincial-level health institutions or hospitals. These entities further distribute the funds to eligible beneficiaries (mustahiqeen) through Local Zakat Committees, Deeni Madaris, and educational institutions (general and technical) with the approval of the Provincial Zakat Council. This process ensures targeted support for the intended beneficiaries within the province.

### B. Comments on Budget & Accounts

Statement of accounts of the Provincial Zakat Fund Punjab for the Financial Year 2023-24 is as under:

Particulars	Rs. in million
	Amount
Opening Balance	353.707
Receipts	3,944.016
Refund from DZFs and other Zakat aided Institutions	376.832
Total available funds	<b>4,674.555</b>
Releases	4,495.388
Closing Balance	<b>179.167</b>

A sum of Rs. 4,674.555 million was available with the Provincial Zakat Council, Punjab during the year 2023-24, out of which Rs 4,495.388 million (96% of total) was released to the 36 DZCs and 46 PLHIs in the Punjab Province.

## C. Audit Profile of Provincial Zakat Administration, Punjab

Rs. in million

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2023-24
1	Formations	82	09	4,495.388

### 1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 556.412 million were raised as a result of audit. This amount also includes recoverable of Rs. 10.776 million as pointed out by Audit. Summary of audit observations classified by nature is as under:

Rs. in million

Sr. No.	Classification	Amount
<b>1</b>	<b>Irregularities</b>	<b>10.776</b>
A	HR/ Employees related irregularities	-
B	Procurement related irregularities	10.776
C	Financial Management	-
<b>2</b>	<b>Value for money and service delivery issue</b>	<b>-</b>
<b>3</b>	<b>Others (Weak Internal Controls)</b>	<b>545.636</b>

### 1.3 Brief Comments on the Status of Compliance with PAC Directives

No PAC meetings have been convened to review the Audit Reports of Provincial and District Zakat Funds. It is recommended that these Audit Reports be presented to the respective Public Accounts Committees (PACs) on a regular basis to ensure transparency, accountability, and effective oversight of Zakat Fund management.

### 1.4 AUDIT PARAS

#### **Irregularity and non-compliance**

#### **1.4.1 Irregular payment to service providing agency - Rs. 10.776 million**

Section 8 (5) of The Punjab Zakat and Ushr Act 2018 states that the banking services and the services connected with the assessment, collection or disbursement of Zakat and Ushr realizable on compulsory basis under the Act shall be rendered free of charge, except the Punjab Zakat and Ushr Council, in regard to Ushr, may authorize payment of remuneration for any specified services.

Management of PZF hired Telenor Microfinance Bank for disbursement services in the year 2021-2022 for three years.

Audit observed that the Punjab Zakat Fund (PZF) paid service charges amounting to Rs. 10.776 million contrary to the provision of Punjab Zakat and Ushr Act 2018, during the financial year 2023-24.

Audit held that the payment was irregular and contrary to the legal framework, resulting in an undue financial burden on the Zakat Fund.

Management replied that the Service charges has been paid to Service Providing Agency (Telenor) for disbursement of Zakat funds in accordance with the section 8 (4) of the Punjab Zakat and Ushr Act 2018.

Reply was not tenable, as section 8 (4) was related to administrative expense while section 8(5) states that all financial services are free of charge.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends that the amount should be recovered from Telenor Microfinance Bank besides necessary action against the person(s) at fault.

{Para No.3 of AIR of PZF Punjab for the Audit Year 2024-25}

#### **1.4.2 Disbursement of Zakat funds to non-registered VTIs - Rs. 545.636 million**

Section 13 (1) of Punjab Skills Development Authority Act-2019, states that after the commencement of the Act, no person, institute, public or private technical education and vocational training body, assessment agency or organization engaged in any technical education and vocational training sector service delivery shall commence its business until it is registered with the Authority under the Act.

The Zakat authorities released Zakat funds amounting to Rs. 545.636 million to Vocational Training Institutes (VTIs) during the F.Y 2023-24.

Audit observed that funds were disbursed to Vocational Training Institutes (VTIs) that were not registered with the Punjab Skills Development Authority (PSDA), contrary to regulatory requirements. This lack of compliance raises concerns about the legitimacy of the institutions and the effective utilization of the disbursed funds. Details are at **Annexure-II**.

Audit held that the disbursement of Zakat funds to unregistered Vocational Training Institutes (VTIs) constituted an irregular utilization of Zakat funds, raising concerns about compliance and accountability.

The management responded that the Zakat-aided Vocational Training Institutes were registered with the Punjab Skills Development Authority after the audit objection.

The reply was not tenable as no proof of registration was provided to the audit for verification.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends to inquire the matter for fixation of responsibility against the person(s) at fault.

{Para No.8 of AIR of PZF Punjab for the Audit Year 2024-25}

#### **1.4.3 Non-transfer of proceeds of Ushr to Provincial Zakat Fund**

Section 7 of Punjab Zakat and Ushr Act 2018, provides that there shall be established a Provincial Zakat Fund (PZF) to which shall be credited among others proceeds of Ushr.

Provincial Zakat Administration was required to collect and credit Ushr in Provincial Zakat Fund.

Audit observed that, as per the requirements of the Punjab Zakat and Ushr Act 2018, Provincial Zakat Administration (PZA) was responsible for collecting and crediting the proceeds of Ushr into the Provincial Zakat Fund (PZF). However, during the financial year 2023-24, it was found that the proceeds of Ushr were neither collected nor credited into the PZF.

Audit held that the failure to credit the Ushr proceeds into the Zakat Fund resulted in a deprivation of the Zakat Fund, leading to a potential shortfall in the funds available for disbursement to eligible beneficiaries. This oversight not only affects the timely and appropriate disbursement of Zakat but also compromises the objective of the Punjab Zakat and Ushr Act to support those in need.

The management replied that the assessment and collection of Ushr is the responsibility of the Board of Revenue, Punjab, as per Section 5 of the Punjab

Zakat and Ushr Act, 2018, and that the matter is being actively pursued with the Board.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends that proceeds of Ushr may be credited into Provincial Zakat Fund (PZF) as required under the Act. Besides, proper implementation of assessment, collection of proceeds of Ushr and its credit to the PZF may be ensured. In case of Ushr collection and distribution the public trust needs to be established in the process so the existing laws and supporting rules on the subject can be fully implemented. Through these systemic reforms, the Ushr collection and distribution process can be safeguarded, ensuring it fulfills its intended purpose of alleviating poverty and supporting vulnerable communities.

{Para No.04 of AIR of PZF Punjab for the Audit Year 2024-25}

**Note:** The issue was reported earlier also in the Audit Reports for the Audit Years 2019-20 and 2021-22 and 2023-24 vide para no. 1.5.2, 1.5.7 and 1.4.3 respectively. Recurrence of the same irregularity is a matter of serious concern.

## CHAPTER–2 DISTRICT ZAKAT COMMITTEES

### 2.1 Introduction

A. Provincial Zakat Council/Administration, Punjab issues lump sum amount directly to 36 District Zakat Committees constituted in each District of Punjab on population basis. The DZC provides Zakat Funds to LZCs and various institutions for disbursement to *Mustahiqeen* under various regular and special Zakat programmes, like *Guzara* Allowance, Educational Stipend, *Deeni Madaris*, Health Care, Social Welfare/Rehabilitation and Marriage Assistance to unmarried *Mustahiq* women.

### B. Comments on Budget & Accounts

A total amount of Rs. 4,495.388 million was released by Provincial Zakat Council Punjab to 36 Districts during the year 2023-24, out of which 09 Districts, having total available budget of Rs. 6,103.033 million (including of previous years) were audited.

Rs. in million

Name of District Zakat Committee	Financial Years	Opening Balance	Receipts	Total Available	Disbursement	Closing Balance
Sheikhupura	2018-24	15.301	909.185	924.486	930.535	6.049
Nankana	2018-24	2.291	428.661	453.206	417.174	0.059
Muzafargarh	2020-24	0	655.356	655.356	636.128	19.228
Rahimyar khan	2019-24	0	828.224	828.224	778.976	49.248
Okara	2019-24	9.422	790.783	829.290	758.331	3.367
Pakpattan	2017-24	3.263	582.810	637.267	586.836	1.886
Jhang	2019-20	23.272	634.648	697.859	670.773	0.438
Gujranwala	2020-24	39.290	864.117	944.943	903.332	0.076
Dera Ghazi khan	2020-24	2.363	432.657	440.648	420.948	0.912
<b>Total</b>					<b>6,103.033</b>	

### C. Audit Profile of District Zakat Committees, Punjab

Rs. in million

Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2017-23
1	Formations	36	09	6,103.033

### 2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 19.872 million were raised as a result this audit. This amount also includes recoverable of Rs. 6.244 million as pointed out by Audit. Summary of audit observations classified by nature is as under:

		Rs. in million
<b>Sr. No.</b>	<b>Classification</b>	<b>Amount</b>
<b>1</b>	<b>Irregularities</b>	<b>4.579</b>
A	HR/ Employees related irregularities	4.579
B	Procurement related irregularities	-
C	Financial Management	-
<b>2</b>	<b>Value for money and service delivery issue</b>	<b>-</b>
<b>3</b>	<b>Others (Weak Internal Controls)</b>	<b>15.293</b>

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

No PAC meeting has been held since 2005 on the audit reports of District Zakat Committees. Audit recommends that audit reports of District Zakat Committees may be placed before the respective PAC regularly.

### **2.4 AUDIT PARAS**

#### **Irregularity and non-compliance**

##### **2.4.1 Irregular disbursement of marriage grant - Rs. 2.725 million**

According to instructions issued by PZC Punjab in its meetings No.25 and 26 dated 2022-23 regarding marriage grant states that “District Zakat Committees will disburse marriage grant of Rs.25,000 to mustahiq through branchless banking/ Telenor micro finance bank. For that purpose, prescribed procedure will be followed strictly”.

- Selection of Mustahqeen strictly on merit;
- One application from one LZC in a year;
- Due share to each tehsil on population basis;
- Provision of computerized Nikkah Nama/Marriage Certificate; and
- Marriage Certificate will not be older than one year.

Management of DZCs disbursed funds of Rs.12.175 million under the head marriage grant during the year 2022-24.

Audit observed as under:

- i- DZCs Sheikhpura and Muzaffargarh disbursed jahez fund Rs.1.225 million and 1.500 million against 49 and 60 fake marriage certificates respectively.

- ii- One marriage certificate was used against more than one time for payment purpose.
- iii- All marriage certificates were not verified by union council.

Audit was conducted on sample basis therefore; management is being requested to conduct detail verification of record.

Audit held that payment Rs.2.725 million was withdrawal fraudulently, on the basis of forged documents.

The management of DZCs replied that funds were disbursed against two daughters from same household against their original marriage certificates and duly verified by administrator local zakat committes.

Reply was not tenable as funds were withdrawn against forged marriage certificates.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends the recovery of amounts disbursed against fraudulent *Nikahnamas* and the imposition of strict disciplinary action against the responsible individuals. Furthermore, appropriate remedial measures should be implemented to prevent the recurrence of such irregularities in the future.

{Para 2 & 1 of AIR of DZC Sheikhpura and Muzaffargarh respectively for the Audit Year 2024-25}

#### **2.4.2 Non-recovery of embezzled amount – Rs. 3.520 million**

Rule 2.33 of Punjab Financial Rules states that “Every Government servant should realise fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part, and that he will also be held personally responsible for any loss, arising from fraud or negligence on.

According to inquiry report No.DGSW.DD (NGOs)PA/2021-25704-5 dated 22<sup>nd</sup> November, 2021 conducted under PEEDA Act, 2006 by Directorate General Social Welfare & Bait ul Maal, Punjab, Mr. Muhammad Yaseen, MSO DHQ Hospital Sheikhpura was found guilty of inefficiency and corruption in zakat funds.

Management of DZC Sheikhpura released Rs. 6.00 million during financial year 2020-21 to district health institutions for free treatment of poors.

Audit observed that Inquiry Officer recommended the recovery of embezzled amount Rs. 3.520 million during 2021 under section 4(b)(i) of the PEEDA Act, 2006 which was not recovered till closure of FY 2023-24.

Audit held that the non-recovery of the embezzled amount resulted in depriving deserving mustahiqeen of vital health assistance from Zakat funds.

Management replied that the recovery amount is being deducted in installments by the District Accounts Office, Faisalabad.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends recovering the objected amount and depositing it into the PZF, with intimation to audit, while also conducting a detailed verification of records from 2021 to 2024.

{Para 1 of AIR of DZC Sheikhpura for the Audit Year 2024-25}

### 2.4.3 Irregular payment by allowing multiple transactions on the same Cell Number and CNIC - Rs. 4.561 million

Standard Operating Procedures (SOPs) regarding the disbursement of Zakat fund through branchless banking provides that biometric verification of the beneficiaries shall be made by the outlet/retailer/franchise while payment of Guzara allowance and other heads.

The Provincial Zakat Administration (PZA) disbursed Zakat Funds to *Mustahiqeen* in Punjab during the financial years 2018-24 through branchless banking mechanism.

Audit observed that multiple transactions were processed against a single cell number, or the same beneficiary received payments across multiple numbers.

Details are as follows:

Rs. in million

Sr. No.	Name of DZC	Para No. of AIR	No. of ben.	FY(s)	Amount	Remarks
1	Sheikhpura	3	49	2018-21	0.453	Chairman cell used against different beneficiaries
	-do-	4	12	2018-21	0.108	Different beneficiaries paid on same mobile number

	-do-	5	28	2018-24	0.670	One cell number used for multiple transactions under head Jahez fund
2	Nankana	7	4	2018-19	0.052	Different beneficiaries paid on same mobile number
	-do-	8	8	2018-24	0.190	one cell number used for multiple transactions under head Jahez fund
3	Muzafargarh	2	-	2022-24	0.054	Chairman cell used against diiferent beneficiaries.
	-do-	3	-	2023-24	0.104	Different beneficiaries paid on same mobile number
	-do	5	28	2022-24	0.700	one cell number used for multiple transactions under head Jahez fund
4	Okara	10	10	2019-20	0.090	Chairman cell used against diiferent beneficiaries.
5	Gujranwala	4	14	2022-24	0.350	One cell used against different beneficiaries (marriage grant)
	-do-	4	06	2022-24	0.150	One CNIC used against two years
	-do-	4	02	2022-24	0.050	One CNIC used two time for withdrawal of marriage grant
	-do-	4	70	2022-24	1.190	Guzara Allowance paid after marriage grant.
6	Dera Ghazi Khan	4	-	2022-24	0.250	One CNIC used two time for withdrawal of marriage grant
	-do	4	-	2022-24	0.150	One cell used against different beneficiaries under head marriage grant
<b>Total</b>					<b>4.561</b>	

The audit held that multiple transactions linked to a single cell number, or payments made to the same beneficiary across multiple numbers, resulted in potentially questionable payments to the beneficiaries.

The management of the above-mentioned DZCs replied that the beneficiaries in question were either those whose biometric verification was not completed during the first installment or those who had passed away before the second installment, with local Zakat Committees providing the names, CNICs, and mobile numbers of their blood relatives.

The reply of the management was not tenable as no evidence in support of management's reply was provided to Audit.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends that the matter may be inquired and responsibility may be fixed besides recovery of embezzled amount if any.

{Para No.3,4,5 of DZC Sheikhpura, 7,8 of DZC Nankana , 2,3,5 of DZC Muzafargarh, 10 of DZC Okara, 4 of DZC Gujranwala & 04 of DZCs Dera Ghazi Khan}

**Note:** The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22 and 2022-23 vide para no. 1.5.6, 1.4.2 and 2.4.3 having financial impact of Rs. 14.0 million. Recurrence of the same irregularity is a matter of serious concern.

#### **2.4.4 Irregular transfer of scholarship fund to un-identified account - Rs. 4.488 million**

Chapter-2 Para 06 (step.3) of Zakat disbursement procedure under head education stipend described that within 15 days of the receipt of MORA Scholarship grant, the MORA Scholarship committee will hold a meeting to disburse the Scholarship to students approved by PZC. The payment shall be made in cash on monthly basis, under a prescribed receipt duly signed by student.

Management of DZC Rahimyar Khan disbursed funds Rs.4.488 million to Khawaja Fareed University under the head education stipend (General) during the year 2022-24.

Audit observed that the management of Khawaja Fareed University of IT transferred Rs. 4.488 million from the MORA account to an unidentified account via cheque No. 18538647, instead of making the intended payments to students. Furthermore, the records pertaining to the determination of Istehqaq were not available at the local Zakat Committee.

Audit held that the transfer of Rs. 4.488 million from the MORA account to an unidentified account, instead of making payments to students, is irregular and questionable.

The matter was reported to the management of DZC Rahimyar Khan on 01.01.2025 but no reply has been received till the finalization of Audit Report.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends that matter should be inquired and action should be taken against the person(s) at fault.

{Para 1 of AIR of DZC Rahimyar Khan for the Audit Year 2024-25}

#### **2.4.5 Unjustified renewal of contract of Zakat Paid Staff – Rs. 4.579 million**

Office of the Administrator Zakat & Ushr Punjab vide its letter No.1328/AZ&U/8-89/ZPS/2017/2021 dated 26-06-2023 shared the decision of PZC with all the District Zakat Officers of Punjab that:

- a. Ban on new appointment against the vacant posts of Field Zakat Clerks will remain intact.
- b. Change in Point 1. of Rules and regulations regarding Zakat Paid Staff (at district level) and one field clerk is assigned with 20 Local Committees instead of 15.
- c. If total No. of clerks is more than prescribed limit then excess clerks would not be dismissed from service without any logical reason. However, if someone resigns or completes his contract period or dismissed due to disciplinary proceeding then no further renewal, appointment should be made.

The District Recruitment Committees held meetings on 01.11.2023 and 16.04.2024 in Sheikhpura, 04.04.2024 in Nankana, and 21.06.2024 in Muzaffargarh, where they discussed the agenda related to the renewal of employee contracts.

Audit observed the following:

- i. The DZC Sheikhpura currently has 59 Field Zakat Clerks assigned to 753 LZCs. However, according to PZC guidelines, the number of Field Zakat Clerks should have been rightsized to 38, with each clerk assigned to 20 LZCs ( $753/20 = 37.65$ , rounded to 38).
- ii. DZC Nankana has 32 Field Zakat Clerks for 524 LZCs, whereas PZC instructions specify that the number should be reduced to 26, with each clerk managing 20 LZCs ( $524/20 = 26$ ).
- iii. DZC Muzaffargarh has 31 Field Zakat Clerks for 519 LZCs, but according to PZC decision, this should be rightsized to 26 ( $519/20 = 26$ ).
- iv. The contract for Mr. Abdul Majeed was renewed from 27.10.2019 to 26.10.2024 by DZC Rahimyar Khan, despite his attaining the age of sixty on 17.12.2020 (DOB: 18.12.1960), as per the CNIC record. Consequently, an amount of Rs. 0.850 million was paid as pay and allowances.

Audit further observed that despite the PZC's rightsizing directive, the Office of the Administrator Zakat & Ushr Punjab renewed the contracts of 32 employees working as Zakat-paid staff in DZCs and made an overpayment of Rs. 3.729 million under the head of pay and allowances.

Audit held that the DZC and Administrator Zakat Office violated PZC guidelines by failing to rightsizing the number of Field Zakat Clerks and making overpayments in contravention of the established instructions.

The management, in cases of Sr. no. i, ii & iii above, replied that according to letter no. 1328/AZ&U/8-89/ZPS/2017/2021 dated 26.06.2023, no Field Zakat Clerk would be dismissed without justifiable cause, and the number would gradually reduce as clerks reach retirement age (60 years). However, no new recruitment would occur until the prescribed number of Field Zakat Clerks is reached, with each assigned 20 LZCs. Management, however, in case of Sr. no. iv above, replied that matter is subjudice and no further contract will be renewed till the decision of honorable court.

The reply was not tenable as excess clerks should not remain employed without logical justification. In cases of resignation, contract completion, or dismissal, no further renewals or appointments should be made.

Despite repeated requests dated 20.12.2024 and 07.01.2025, the PAO has not been able to convene DAC meeting.

Audit recommends to take necessary action against the person(s) at fault.

**{Para 8,2,7,3 of DZCs Sheikhpura, Nankana, Muzafargarh & Rahimyar Khan respectively}**

## ANNEXURES

### **Annexure-I** **MFDAC**

#### **1. Provincial Zakat Fund, Punjab Lahore**

Sr. No	Para No.	Title of Para
1.	2	Non-Compliance of DAC Decisions
2.	5	Release of Zakat Fund to DZC's and other Zakat Aided Institutions without Approved Accounting and Disbursement Procedure
3.	6	Blockage of Funds by DZC's and Provincial Level Hospitals - Rs.48.530 million
4.	7	Non-reconciliation of zakat fund with Telenor Microfinance Bank

#### **2. District Zakat Committees**

##### **i. DZC Sheikhpura**

Sr. No	Para No.	Title of Para
1.	6	Irregular release of marriage grant by accepting more than one application from same LZC – Rs.1.040 million
2.	7	Irregular payment of educational stipend (G) to those students whose names were not included in the approved list of students – Rs.24,000
3.	9	Disbursement of Education Stipend (G) to non-mustahiq students – Rs.0.144 million
4.	10	Non-refund of closing balances – Rs. 4.931 million
5.	11	Non-refund of unspent balance by DHQ Hospital – Rs. 1.896 million
6.	12	Heavy Surrender of Zakat fund by DHQ Hospital Sheikhpura during the year 2022-23 – Rs.4.601 million
7.	13	Irregular Release of Zakat Fund to Un-registered Deeni Madrasah – Rs 13.936 million
8.	14	Unauthorized dissolution of Local Zakat Committees by Deputy Commissioner/Administrator
9.	15	Non-pursuance of matter of Ushr with Revenue Department
10.	17	Non-constitution of Local Zakat Committees
11.	18	Non-submission of report regarding istehqaq of students
12.	19	Disbursement of Guzara Allowance without acknowledgement – Rs.422.536 million

##### **ii. DZC Nankana Sahib**

Sr. No	Para No.	Title of Para
1.	1	Irregular Release of Zakat Fund to Un-registered Deeni Madrasah – Rs 9.544 million
2.	3	Irregular release of marriage grant without Marriage Certificate – Rs.0.65 million
3.	4	Non-pursuance of matter of Ushr with Revenue Department
4.	5	Irregular and un-authorized nomination of Deputy Administrator Zakat as co-signatory – Rs. 10.064 million

5.	6	Irregular payment of Marriage Grant and Guzara allowance to same beneficiaries – Rs. 0.175 million
6.	9	Unauthorized dissolution of Local Zakat Committees by Deputy Commissioner/Administrator
7.	10	Irregular release of Marriage Grant by accepting more than one application from same LZC – Rs. 0.280 million
8.	11	Non-constitution of Local Zakat Committees
9.	12	Non-submission of report regarding istehqaq of students
10.	13	Unauthentic utilization of zakat fund in DHQ Hospital – Rs. 5.310 million

**iii. DZC Muzaffargarh**

Sr. No	Para No.	Title of Para
1.	4	Irregular release of marriage grant without Marriage Certificate – Rs. 0.150 million
2.	6	Irregular release of marriage grant by accepting more than one application from same LZC – Rs.8.825 million
3.	8	Non-refund of unspent balance by DHQ Hospital – Rs. 1.438 million
4.	9	Irregular Release of Zakat Fund to Un-registered Deeni Madrasah – Rs. 4.320 million
5.	10	Unauthorized dissolution of Local Zakat Committees by Deputy Commissioner/Administrator
6.	11	Non-pursuance of matter of Ushr with Revenue Department
7.	12	Non-submission of report regarding istehqaq of students
8.	13	Un-equal disbursement of Guzara Akkowane – Rs. 33.390
9.	14	Non-refund of unspent balance by Vocatioal Training Institute

**iv. DZC Rahim Yar Khan**

Sr. No	Para No.	Title of Para
1.	2	Irregular release of marriage grant without Marriage Certificate – Rs. 0.575 million
2.	4	Non-refund of unspent balance by Education and Health institutions – Rs. 3.089 million
3.	5	Irregular Release of Zakat Fund to Un-registered Deeni Madrasah – Rs. 4.343 million
4.	6	Unauthorized dissolution of Local Zakat Committees by Deputy Commissioner/Administrator
5.	7	Non-pursuance of matter of Ushr with Revenue Department
6.	9	Unequal disbursement of Guzara Allowance – Rs. 77.130 million
7.	8	Non-submission of report regarding istehqaq of students
8.	10	Disbursement of education stipend (G) without supporting documents – Rs. 0.3 million
9.	11	Non-Utilization of Zakat fund by THQ Hospitals during the year 2022-24 – Rs. 4.745 million

**v. DZC Okara**

<b>Sr. No</b>	<b>Para No.</b>	<b>Title of Para</b>
1.	1	Unauthorized dissolution of Local Zakat Committees by Deputy Commissioner/Administrator
2.	2	Non-constitution of Local Zakat Committees
3.	3	Wasteful expenditure by Non-releasing the 2 <sup>nd</sup> Installment under the head SEEP- Rs 1.250 Million
4.	4	Non-pursuance of matter of Ushr with Revenue Department
5.	5	Non-refund of unspent balance by THQ Hospital Depalpur – Rs. 0.183 million
6.	6	Non-Utilization of Zakat fund by DHQ Hospitals Okara – Rs. 2.903 m
7.	7	Unauthorized excess issue of Medicine than Prescribed by the Doctors – Rs. 33,458
8.	8	Irregular release of funds under the head Health Care – Rs. 26.978 million
9.	9	Non-disbursement of Fund to Deeni Madaris – Rs. 12.901 million
10.	11	Non-conduct of Internal Audit

**vi. DZC Pakpattan**

<b>Sr. No</b>	<b>Para No.</b>	<b>Title of Para</b>
1.	1	Huge differences in Calculation of Balances of Cash Book resulting into Overstatement – Rs.2.649 million
2.	2	Doubtful reconciliation of cash book/pass book – Rs. 8.183 million
3.	3	Less-refund of unspent balance – Rs. 16.092 million
4.	4	Difference due to non-reconciliation of Zakat Fund Account – Rs. 0.491 million
5.	5	Unauthorized dissolution of Local Zakat Committees by Deputy Commissioner/Administrator
6.	6	Non-constitution of Local Zakat Committees
7.	7	Irregular and un-authorized nomination of Deputy Administrator Zakat as co-signatory – Rs. 34.204 million
8.	8	Non-pursuance of matter of Ushr with Revenue Department
9.	9	Non-submission of report regarding istehqaq of students
10.	10	Withdrawal of Guzara Allowance on Cell Number of the Chairmen and Zakat Field Clerks of Local Zakat Committees Pakpattan – Rs. 62,000
11.	11	Unauthorized disbursement out of Regular Guzara Allowance to Blinds despite separate release under the head “Guzara Allowance for Blinds” – Rs. 2.550 million
12.	12	Blockage of Funds due to non-disbursement to Various Institutions Rs. 14.033 million
13.	13	Irregular Excess release of marriage grant by accepting more than one application from same LZC – Rs. 50,000

14.	14	Irregular release of funds under the head Health Care – Rs. 14.204 million
15.	15	Irregular release of Guzara Allowance without Disability Certificates – Rs. 1.116 million
16.	16	Non-conduct of Internal Audit

**vii. DZC Jhang**

Sr. No	Para No.	Title of Para
1.	1	Improper Maintenance of Cashbook
2.	2	Huge differences in Calculation of Balances of Cash Book resulting into Overstatement – Rs. 13.291 million
3.	3	Wrong Reporting of Closing Balances to the Administration – Rs. 24.482 million
4.	4	Less-refund of unspent balance – Rs. 31.376 million
5.	5	Difference due to non-reconciliation of Zakat Fund Account – Rs. 1.270 million
6.	6	Unauthorized dissolution of Local Zakat Committees by Deputy Commissioner/Administrator
7.	7	Non-constitution of Local Zakat Committees for three consecutive terms by the Deputy Commissioner/Administrator
8.	8	Non-pursuance of matter of Ushr with Revenue Department
9.	9	Non-submission of report regarding istehqaq of students
10.	10	Fraudulent Withdrawal of Guzara Allowance – Rs. 45,000
11.	11	Irregular excess release of funds under the head Health Care – Rs.1.934 million
12.	12	Non-conduct of Internal Audit

**viii. DZC Gujranwala**

Sr. No	Para No.	Title of Para
1.	1	Wrong Reporting of Closing Balances to the Administration – Rs. 5.223 million
2.	2	Less-refund of unspent balance – Rs. 12.053 million
3.	3	Difference due to non-reconciliation of Account – Rs. 1.790 million
4.	5	Non-constitution of Local Zakat Committees for three consecutive terms by the Deputy Commissioner/Administrator
5.	6	Non-pursuance of matter of Ushr with Revenue Department
6.	7	Non-submission of report regarding istehqaq of students
7.	8	Irregular excess release of funds under the head Health Care – Rs. 0.434 million
8.	9	Non-Utilization of Zakat fund by DHQ Hospitals Gujranwala – Rs. 2.225 million
9.	10	Irregular appointment of Zakat Paid Staff without Contract – Rs. 1.778 million

10.	11	Irregular Operation of Bank Account by Educational Institutions – Rs. 1.209 million
11.	12	Non-observance of minimum wages in DZC Gujranwala regarding Auditors and Field Clerks
12.	13	Non-conduct of Internal Audit

**ix. DZC Dera Ghazi Khan**

<b>Sr. No</b>	<b>Para No.</b>	<b>Title of Para</b>
1.	1	Less-refund of unspent balance – Rs. 0.704 million
2.	2	Difference due to non-reconciliation of Account – Rs. 1.283 million
3.	3	Irregular release of marriage grant by accepting more than one application from same LZC – Rs. 2.050 million
4.	5	Non-constitution of Local Zakat Committees for three consecutive terms by the Deputy Commissioner/Administrator
5.	6	Non-pursuance of matter of Ushr with Revenue Department
6.	7	Non-submission of report regarding istehqaq of students
7.	8	Disbursement of education stipend (G) to Non-Mustahiq Students – Rs. 0.132 million
8.	9	Non-refund of unspent balance by THQ Hospital Taunsa – Rs. 2.013 million
9.	10	Irregular Operation of Bank Account by Deeni Madarssah – Rs. 1.896 million
10.	11	Non-observance of minimum wages in DZC D.G Khan regarding Auditors and Field Clerks
11.	12	Non-conduct of Internal Audit

**Annexure-II  
(Para 1.4.2)**

**Disbursement of Zakat funds to non-registered VTIs - Rs. 545.636 million**

<b>Sr. No.</b>	<b>Name of DZC</b>	<b>Amount Allocated (Rs.)</b>	<b>Amount Disbursed (Rs.)</b>	<b>Balance</b>
1	Lahore	55,605,902	55,528,000	77,902
2	Kasur	17,464,476	17,464,000	476
3	Nankana	6,990,736	6,984,000	6,736
4	Sheikhupura	17,315,380	17,312,000	3,380
5	Gujranwala	25,483,992	25,464,000	19,992
6	Narowal	8,342,312	8,336,000	6,312
7	Sialkot	19,239,485	19,236,000	3,485
8	Gujrat	13,766,102	13,756,000	10,102
9	Hafizabad	5,643,953	5,628,000	15,953
10	M. Bah-ud-Din	7,822,913	7,820,000	2,913
11	Rawalpindi	26,164,567	26,088,000	76,567
12	Attock	9,280,766	9,280,766	(0)
13	Chakwal	7,418,265	7,416,000	2,265
14	Jhelum	5,910,772	5,904,000	6,772
15	Sargodha	18,534,173	18,532,000	2,173
16	Bhakkar	8,370,175	8,368,000	2,175
17	Khushab	6,418,682	6,412,000	6,682
18	Mianwali	7,689,425	7,688,000	1,425
19	Faisalabad	38,808,356	38,796,000	12,356
20	Chiniot	6,683,517	6,683,517	0
21	Jhang	13,160,383	13,152,000	8,383
22	T.T Singh	10,741,196	10,732,000	9,196
23	Multan	22,929,307	22,928,000	1,307
24	Khanewal	14,384,850	14,384,000	850
25	Lodhran	8,245,439	8,240,000	5,439
26	Vehari	14,668,538	14,660,000	8,538
27	Sahiwal	12,322,673	12,320,000	2,673
28	Okara	15,032,295	15,032,000	295
29	Pakpattan	9,134,299	9,132,000	2,299
30	Bahawalpur	18,322,579	18,320,000	2,579
31	Bahawalnagar	15,181,323	15,160,000	21,323
32	R. Y Khan.	23,794,765	23,792,000	2,765
33	D.G. Khan	14,511,540	14,496,000	15,540
34	Layyah	8,989,838	8,976,000	13,838
35	Muzaffargarh	21,445,615	21,440,000	5,615
36	Rajan Pur	10,181,406	10,176,000	5,406
<b>Total</b>		<b>546,000,000</b>	<b>545,636,283</b>	<b>363,717</b>