



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

AUDIT YEAR 2016-17

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	ii
Preface	iii
EXECUTIVE SUMMARY	iv
SUMMARY TABLES & CHARTS.....	viii
Table 1: Audit Work Statistics	viii
Table 2: Audit observations Classified by Category.....	viii
Table 3: Outcome Statistics.....	ix
Table 4: Irregularities Pointed Out.....	x
Table 5: Cost-Benefit	x
CHAPTER 1	1
1.1 Union Administrations, Bahawalpur.....	1
1.1.1 Introduction	1
1.1.2 Comments on Budget and Accounts.....	1
1.1.3 Brief Comments on the Status of Compliance of MFDAC Audit Paras of Audit Report 2015-16.....	3
1.1.4 Brief Comments on the Status of Compliance with PAC Directives.....	3
1.2 AUDIT PARAS.....	4
1.2.1 Irregularities and non compliance	5
1.2.2 Internal Control Weaknesses.....	11
Annex	14

ABBREVIATIONS AND ACRONYMS

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

Preface

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

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

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

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

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

Islamabad
Dated:

(Javaid Jehangir)
Auditor General of Pakistan

EXECUTIVE SUMMARY

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

The Regional Directorate has a human resource of 27 officers and other staff. Total mandays available were 4,830 and the budget amounting to Rs 19.050 million was allocated in audit year 2016-17. The office is mandated to conduct financial attest audit, audit of sanctions, audit of compliance with authority and audit of receipts as well as the performance audit of entities, projects and programs. Accordingly, RDA Bahawalpur carried out audit of the accounts of ten UAs of District Bahawalpur on sample basis for the Financial Years 2008-16 and the findings included in the Audit Report.

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

The total development budget of ten UAs in District Bahawalpur for the Financial Years 2008-16, was Rs 77.148 million and expenditure incurred was Rs 31.832 million, showing savings of Rs 45.316 million. The total Non-development Budget for Financial Years 2008-16 was Rs 111.610 million and expenditure was Rs 75.835 million, showing savings of Rs 35.775 million. The

reasons for savings in Development and Non-development Budgets are required to be provided by the PAOs concerned.

The total budget targets of receipts of ten Union Administrations for the Financial Years 2008-16 were Rs 143.798 million against which Rs 112.988 million were collected.

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

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

a. Scope of Audit

Out of total expenditure of the UAs for the Financial Years 2008-16, auditable expenditure under the jurisdiction of Regional Director Audit, Bahawalpur was Rs 1,152.080 million covering 107 UAs. Out of this, RDA Bahawalpur audited an expenditure of Rs 107.667 million which, in terms of percentage, is 9.345% of total auditable expenditure and irregularities amounting to Rs 177.955 million were pointed out. Regional Director Audit planned and executed audit of ten UAs, i.e. 100% achievement against the planned audit activities.

Total receipts of the 107 UAs of District Bahawalpur for the Financial Years 2008-16 were Rs 876.919 million. RDA Bahawalpur audited receipts of Rs 112.988 million which, in terms of percentage is 12.88% of total receipts and irregularities amounting to Rs 1.808 million were pointed out.

b. Recoveries at the Instance of Audit

Recoveries of Rs 8.984 million were pointed out by Audit (out of which Rs 1.808 million of paras over one million are included in this Report) which was not in the notice of the management before audit. No recovery was effected till the time of compilation of this Report.

c. Audit Methodology

Audit was conducted after understanding the business processes of UAs with respect to functions, control structure, prioritization of risk areas by determining their significance and identification of key controls. This helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field audit activity.

d. Audit Impact

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

e. Comments on Internal Control and Internal Audit Department

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

f. Key Audit Findings of the Report

i Irregularities and non-compliance of Rs 115.215 million were noted in four cases.¹

ii Internal Control Weaknesses of Rs 1.808 million were noted in two cases.²

Audit paras on the accounts for the years 2008-16 involving procedural violations including internal control weaknesses and irregularities which were not considered worth reporting to Provincial PAC have been included in Memorandum for Departmental Accounts Committee (Annex- A).

¹ Para: 1.2.1.1 to 1.2.1.4

² Para: 1.2.2.1 to 1.2.2.2

g. Recommendations

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

- i. Strengthening of internal controls.
- ii. Compliance of DAC directives and decisions in letter and spirit.
- iii. Compliance of relative laws, rules, instructions and procedures etc.
- iv. Appropriate actions against officers / officials responsible for violation of rules and losses.
- v. Appropriate action to realize receipts / taxes.
- vi. Appointing internal auditors to strengthen internal controls.

SUMMARY TABLES & CHARTS

Table 1: Audit Work Statistics

(Rupees in million)

Sr. No.	Description	No.	Expenditure	Receipt	Total
1	Total PAOs in Audit jurisdiction	107	1,152.080	876.919	2,028.999
2	Total Formations/DDOs in Audit Jurisdiction	107	1,152.080	876.919	2,028.999
3	Total Entities (PAOs) Audited	*10	107.667	112.988	220.655
4	Total formations/DDOs audited	*10	107.667	112.988	220.655
5	Audit & Inspection Reports	10	-	-	-
6	Special Audit Reports	-	-	-	-
7	Performance Audit Reports	-	-	-	-
8	Other Reports (Relating to UA)	-	-	-	-

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

Table 2: Audit observations Classified by Category

(Rupees in million)

Sr. No.	Description	Amount Placed Under Audit Observation
1	Unsound asset management	-
2	Weak financial management	-
3	Weak Internal controls relating to financial management	1.808
4	Others	115.215
Total		117.023

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

Sr. No.	Description	Physical Assets	Salary	Non Salary	Civil Works	Receipts	Total Current Year	Total Last Year
1	Total Financial Outlay		568.119	101.450	482.511	876.919	2,028.999	169.879
2	Outlays Audited	-	65.063	10.772	31.832	112.988	220.655*	116.220
3	Amount Placed under Audit Observation/ Irregularities Pointed Out.	-	-	1.808	115.215	-	117.023	97.192
4	Recoveries Pointed Out at the instance of Audit.	-	-	1.808	-	-	1.808	2.193
5	Recoveries Accepted/ Established at the instance of Audit.	-	-	1.808	-	-	1.808	2.193
6	Recoveries Realized at the instance of Audit.	-	-	-	-	-	-	-

*The amount mentioned against Sr. No. 02 in column of “Total Current Year” is the sum of expenditure and receipts whereas the total expenditure was Rs 107.667 million.

Table 4: Irregularities Pointed Out

(Rupees in million)		
Sr. No.	Description	Amount Placed under Audit Observation
1	Violation of Rules and regulations and violation of principle of propriety and probity in public operations.	115.215
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from IPSAS ¹ misclassification, overstatement or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statement.	-
4	Quantification of weaknesses of internal control system.	-
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public monies.	1.808
6	Non-production of record.	-
7	Others, including cases of accidents, negligence etc.	-
Total		117.023

Table 5: Cost-Benefit

(Rupees in million)		
Sr. No.	Description	Amount
1	Outlays Audited (Items 2 of Table 3)	220.655
2	Expenditure on Audit	0.118
3	Recoveries realized at the instance of Audit	-
4	Cost-Benefit Ratio	-

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

CHAPTER 1

1.1 Union Administrations, Bahawalpur

1.1.1 Introduction

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

There are 107 UAs in District Bahawalpur out of which UAs number 46, 47, 48, 49, 50, 64, 65, 66, 67 and 68 were audited on sample basis during 2016-17.

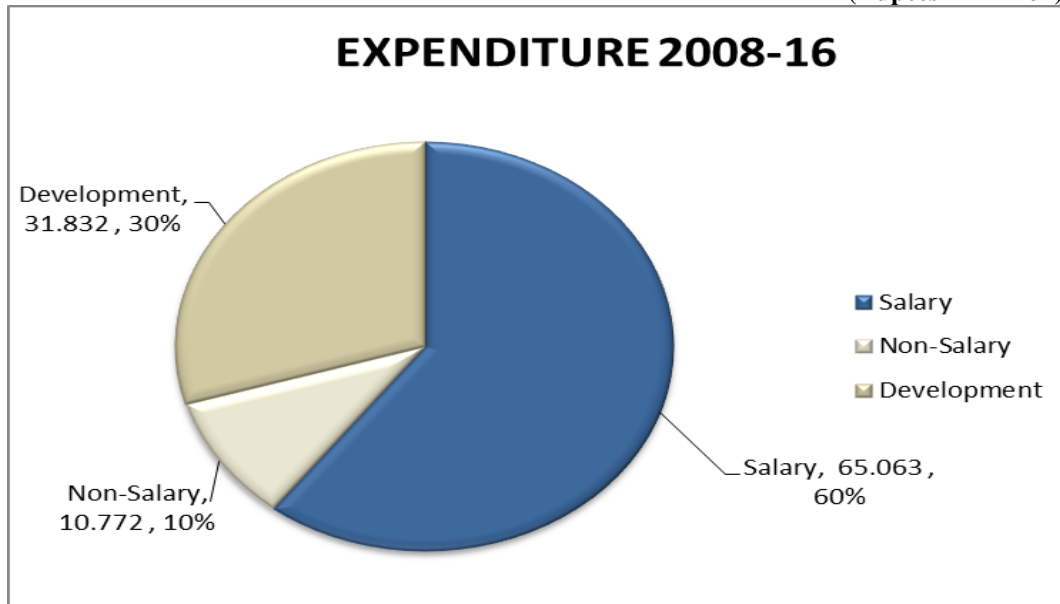
1.1.2 Comments on Budget and Accounts

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

(Rupees in million)

2008-16	Budget	Actual Expenditure	Saving (-)/ Excess (+)	% (Saving)
Salary	84.330	65.063	-19.267	-22.85%
Non-salary	27.280	10.772	-16.508	-60.51%
Development	77.148	31.832	-45.316	-58.74%
Total	188.758	107.667	-81.091	-42.96%
Receipt	143.798	112.988	-30.81	-21.43%

(Rupees in million)

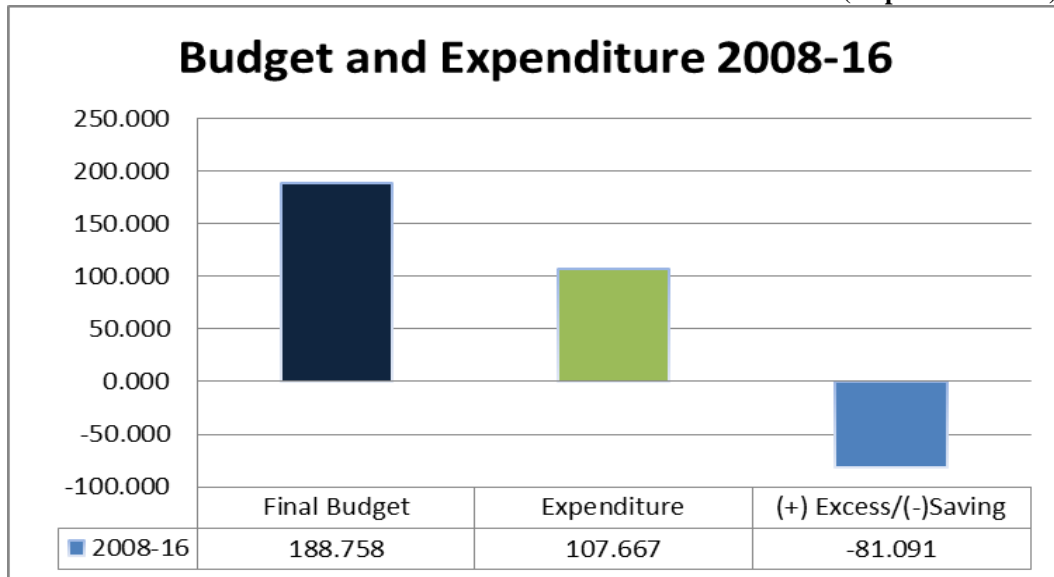


Details of budget allocations, expenditures and savings of each UA of District Bahawalpur for the Financial Years 2008-16 are at Annex-B.

As per Budget Books for the Financial Years 2008-16 of UAs in District Bahawalpur, the original and final budget of audited ten UAs was Rs 188.758 million. Total expenditure incurred by these UAs during Financial Years 2008-16 was Rs 107.667 million. A saving of Rs 81.091 million came to the notice of Audit, which shows that the UAs failed to provide essential municipal services as envisaged and planned at the time of preparation and approval of annual budget for the years. No plausible explanation was provided by the PAO, UA Nazims and management of UAs. **(Annex-B)**

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

(Rupees in million)



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

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

1.1.4 Brief Comments on the Status of Compliance with PAC Directives

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

Status of Previous Audit Reports

S. No.	Audit Report Year	No. of Paras	Status of PAC/UAC Meeting
1	2009-12	34	PAC not constituted
2	2013-14	04	PAC not constituted
3	2015-16	10	PAC not constituted

1.2 AUDIT PARAS

1.2.1 Irregularities and non compliance

1.2.1.1 Irregular block allocation of funds for development activities – Rs 71.925 million

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

Secretaries of following ten (10) Union Administrations of District Bahawalpur made lump sum provision of development budget amounting to Rs 71.925 million during Financial Years 2008-16 without indicating detail of schemes, cost and geographical location, in violation of above rule. Detail is given below:

(Rupees in million)			
Sr. No.	UA No.	Name of Tehsil	Amount of Block Allocation
1	46	Hasilpur	7.036
2	47	Hasilpur	10.758
3	48	Hasilpur	11.614
4	49	Hasilpur	11.190
5	50	Hasilpur	5.246
6	64	Ahmed Pur East	4.106
7	65	Ahmed Pur East	9.561
8	66	Ahmed Pur East	2.800
9	67	Ahmed Pur East	6.314
10	68	Ahmed Pur East	3.300
Total			71.925

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

Unauthorized block allocation resulted in violation of the Government instructions and financial indiscipline of Rs 71.925 million.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries of UAs replied that no lump sum development fund allocated in the annual budget. Reply of the department was not tenable as budget statement

of all UAs clearly depicted that lump sum development funds were allocated in each budget statements.

DAC in its meetings held on 15.05.2017 and 17.05.2017 directed to get the irregularity condoned from the competent authority within a month. No progress was intimated till finalization of this Report.

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

[UA-46, AIR Para:3 , UA-47, AIR Para:4 , UA-48, AIR Para: 1, UA-49, AIR Para:4 , UA-50, AIR Para:3 , UA-64, AIR Para: 1, UA-65, AIR Para:1 , UA-66, AIR Para:1 , UA-67, AIR Para:1 & UA-68, AIR Para:1]

1.2.1.2 Less allocation of funds for development activities - Rs 28.120 million

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

Secretaries of 10 (ten) Union Administrations of District Bahawalpur allocated Rs 37.951 million for development activities out of total proposed budget of Rs 131.530 million. Hence, funds of Rs 28.120 million were less allocated during Financial Years 2008-16. Detail is given below:

(Rupees in million)

Sr. No.	UA No.	Tehsil	Budget	50% Due	Actual Budget	Less Allocation
1	46	Hasilpur	11.335	5.668	3.245	2.423
2	47	Hasilpur	5.607	2.804	1.495	1.309
3	48	Hasilpur	12.551	6.275	5.239	1.036
4	49	Hasilpur	9.769	4.884	4.667	0.217
5	50	Hasilpur	13.754	6.877	3.187	3.69
6	65	Ahmed Pur East	24.292	12.146	9.562	2.759
7	66	Ahmed Pur East	20.69	10.345	2.801	7.544
8	67	Ahmed Pur East	25.718	12.859	5.540	7.419
10	68	Ahmed Pur East	7.814	3.907	2.215	1.723
Total			131.53	65.765	37.951	28.120

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

Less allocation of development funds amounting to Rs 28.120 million deprived the general public from desired benefits.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries of UAs replied that amount of PFC award received from the Government of the Punjab was less than required funds whereas salaries increased each year. Therefore, Union Administration did not have enough funds to make allocation for development activities. Reply of the department was not tenable as compliance of above cited rule was not ensured.

DAC in its meetings held on 15.05.2017 and 17.05.2017 directed to get the irregularity condoned from the competent authority within a month. No progress was intimated till finalization of this Report.

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

[UA-46, AIR Para: 2, UA-47, AIR Para: 1, UA-48, AIR Para: 2, UA-49, AIR Para: 1, UA-50, AIR Para: 2, UA-65, AIR Para: 7, UA-66, AIR Para:5, UA-67, AIR Para:6 & UA-68, AIR Para: 3]

1.2.1.3 Irregular expenditure by splitting the indents and non observance of procurement rules – Rs 12.373 million

According to Rules 9, 10, 12 and 13 of the Punjab Procurement Rules 2009, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The procuring agency shall advertise in advance annual requirement for procurement on the website of the authority as well as on its website. Procurements over one hundred thousand rupees and up to the limit of two million rupees, shall be advertised on the PPRA's website in the manner and format specified by the PPRA from time to time and as well as in other print media or newspapers having wide circulation.

Secretaries of 07 (seven) Union Administrations of District Bahawalpur incurred expenditure of Rs 12.373 million during Financial Years 2010-16 by

splitting the works to avoid fair tendering process. Moreover, advertisement was not made on PPRA's website. Detail is given below:

(Rupees in million)				
Sr. No.	UA No.	Tehsil	Period	Amount
1	47	Hasilpur	2013-16	1.542
2	48	Hasilpur	2012-16	1.388
3	64	Ahmed Pur East	2013-15	1.750
4	65	Ahmed Pur East	2013-16	2.508
5	66	Ahmed Pur East	2011-14	0.582
6	67	Ahmed Pur East	2011-15	2.889
7	68	Ahmed Pur East	2010-12	1.714
Total				12.373

Audit is of the view that due to weak internal controls, expenditure was incurred by splitting in violation of Punjab Procurement Rules.

Incurring expenditure in violation of Punjab Procurement Rules resulted in irregular expenditure of Rs 12.373 million.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries of UAs replied that all works had been completed through tenders. The authority had power to incur expenditure up to Rs 100,000. Reply of the department was not tenable as no documentary evidence regarding advertisement on PPRA's website was produced.

DAC in its meetings held on 15.05.2017 and 17.05.2017 directed to get the expenditure regularized from the competent authority within a month. No progress was intimated till finalization of this Report.

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

[UA-47, AIR Para: 10, UA-48, AIR Para: 6, UA-64, AIR Para: 2, UA-65, AIR Para: 2, UA-66, AIR Para: 2, UA-67, AIR Para: 2 & UA-68, AIR Para: 2]

1.2.1.4 Irregular expenditure out of CCB funds – Rs 2.797 million

According to Section 119 read with Section 109 (12)(b) of the Punjab Local Government Ordinance 2001, "the amount placed for utilization through Citizen Community Boards which remains unspent shall be credited under the

same head in the following year's budget in addition to the fresh allocation under the said code / object for that year.

Secretaries of 05 (five) Union Administrations of District Bahawalpur allocated Rs 5.056 million for development activities through CCBs during Financial Years 2008-16 out of which Rs 0.160 million were utilized through CCB leaving a balance of Rs 4.896 million which was required to be utilized for development purpose. Scrutiny of relevant record indicated that funds of Rs 2.797 million were utilized for non development expenditure from CCB funds in violation of above rule. Detail is given below:

(Rupees in million)

Sr. No.	UA No.	Budget Allocation for CCBs	CCB Funds Utilized (2008-15)	Difference	CCB Funds utilized for Contingencies	Balance of Bank as on 30.06.15
1	46	0.643	0.160	0.483	0.472	0.011
2	47	1.175	-	1.175	0.854	0.321
3	48	1.094	-	1.094	0.354	0.740
4	49	1.482	-	1.482	0.486	0.996
5	50	0.662	-	0.662	0.631	0.031
Total		5.056	0.160	4.896	2.797	2.099

Audit is of the view that due to weak financial controls, CCB funds were utilized for contingent and other expenditure.

Utilization of CCB fund to meet contingent and other expenditure resulted in irregular expenditure of Rs 2.797 million.

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries of UAs replied that as per instructions received from Government of the Punjab during financial year 2012-13 the CCB share was merged into development budget and the entire budget was consumed after approval of DDC. Reply of the department was not tenable as no documentary evidence was provided in support of reply.

DAC in its meetings held on 15.05.2017 and 17.05.2017 directed to get the expenditure regularized from the competent authority within a month. No progress was intimated till finalization of this Report.

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

[UA-46, AIR Para: 4, UA-47, AIR Para: 3, UA-48, AIR Para: 4, UA-49, AIR Para: 3 & UA-50, AIR Para: 4]

1.2.2 Internal Control Weaknesses

1.2.2.1 Non-deduction / deposit of Income Tax and GST – Rs 1.808 million

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

Secretaries of nine (09) Union Administrations of District Bahawalpur neither deducted income tax and GST amounting to Rs 1.808 million from payments made to different contractors / suppliers during 2008-16 nor same was deposited in the Government treasury. Detail is given below:

(Rupees in million)				
Sr. No.	UA No.	General Sales Tax	Income Tax	Total
1	46	0.043	0.014	0.057
2	47	0.056	0.018	0.074
3	48	0.272	0.263	0.535
4	49	0.213	0.172	0.385
5	50	0.237	0.054	0.291
6	64	0.293	0.001	0.294
7	65	0.020	0.005	0.025
8	67	0.017	0.005	0.022
9	68	0.097	0.028	0.125
Total		1.248	0.560	1.808

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

Non deduction / deposit of income tax and general sales tax in the Government treasury resulted in loss of Rs 1.808 million.

The matter was reported to the Union Secretaries/ PAOs during April, 2017. Secretaries UAs replied that due to non availability of the tax registered

firms at village level purchases were made from unregistered suppliers. Reply of the department was not tenable as compliance of rules was not ensured.

DAC in its meetings held on 15.05.2017 and 17.05.2017 directed to recover and deposit income tax and general sales tax into government treasury within 15 days. No progress was intimated till finalization of this Report.

Audit recommends inquiry and fixing responsibility on the person(s) at fault besides recovery of Rs 1.808 million, under intimation to Audit.

[UA-46, AIR Para:12 , UA-47, AIR Para:6 , UA-48, AIR Para: 8, UA-49, AIR Para:6, UA-50, AIR Para:9 , UA-64, AIR Para:8 , UA-65, AIR Para:11 , UA-67, AIR Para:17 & UA-68, AIR Para:14]

1.2.2.2 Loss due to non-levying of taxes

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

- a) Butchers and vendors of poultry & fish
- b) Persons keeping milk collection centres
- c) Persons keeping any animal for profit other than milk cattle or milk goats
- d) Dairy man, butter man and vendors of Ghee
- e) Vendors of Fruits and Vegetables
- f) Washer man
- g) Vendors of wheat, rice and other grains or flour
- h) Makers and vendors of sweet mart
- i) Barbers and keepers of shaving saloons.

Secretaries of Union Administrations No. 46, 47, 48, 49, 50, 64, 65, 67, 68 of District Bahawalpur neither levied nor collected license and permit fee from the vendors during Financial Years 2008-16.

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

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

The matter was reported to the Union Secretaries / PAOs during April, 2017. Secretaries of UAs replied that all the taxes were collected by the TMA due

to which the recovery of different fee was not made at UAs level. Reply was not tenable as above fees were to be levied by the UAs.

DAC in its meetings held on 15.05.2017 and 17.05.2017 directed to get the taxes approved from the House / competent authority within two weeks. No progress was intimated till finalization of this Report.

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

[UA-46, AIR Para:14 , UA-47, AIR Para:13 , UA-48, AIR Para: 14, UA-49, AIR Para:13, UA-50, AIR Para:10 , UA-64, AIR Para:13 , UA-65, AIR Para:13 , UA-66, AIR Para:8 , UA-67, AIR Para:10 & UA-68, AIR Para:9]

Annex

**Annex-A
Part-I**

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

(Rupees in million)

UA No.	Sr. No.	AIR Para No.	Description	Amount
UA 46	1	1	Less allocation and non utilization of development budget through CCB	1.116
	2	5	Irregular payment on account of CCB	0.16
	3	6	Irregular expenditure on Civil Works	2.034
	4	7	Irregular Expenditure without technical sanction of the competent authority	1.027
	5	9	Irregular payment of works and loss	0.332
	6	10	Irregular payment of works through project committee	0.628
	7	11	Doubtful expenditure due to non maintenance of stock registers	0.327
	8	13	Loss due to non deposit of Pension Contribution, GPF, BF and GI	0.068
UA 47	9	2	Less allocation and non utilization of development budget through CCB	1.514
	10	5	Doubtful expenditure due to non maintenance of stock registers	0.417
	11	7	Irregular payment of works through project committee	1.099
	12	9	Irregular expenditure on Civil Works	1.114
	13	8	Irregular Expenditure without technical sanction of the competent authority	0.305
	14	11	Irregular payment of works and loss	0.409
UA 48	15	3	Less allocation and non utilization of development budget through CCB	1.847
	16	5	Irregular payment of works through project committee	0.767
	17	7	Doubtful expenditure due to non maintenance of stock registers	0.585
	18	9	Irregular expenditure without technical sanction	0.606
	19	11	Irregular payment of works and loss	0.396
	20	12	Doubtful expenditure without identification of sites	0.978
	21	13	Loss due to non deposit of Pension Contribution, GPF, BF and GI	0.064
UA 49	22	2	Less allocation and non utilization of development budget through CCB	1.315

UA No.	Sr. No.	AIR Para No.	Description	Amount
	23	5	Doubtful expenditure due to non maintenance of stock registers	1.306
	24	7	Irregular payment of works without project committee	2.1
	25	8	Doubtful expenditure without identification of sites	1.463
	26	9	Irregular Expenditure without technical sanction	1.332
	27	10	Irregular expenditure on civil works	0.528
	28	11	Irregular payment of works and loss	0.2
	29	14	Loss due to non deposit of GPF, BF and GI	0.092
UA 50	30	1	Less allocation and non utilization of development budget through CCB	0.7
	31	5	Irregular expenditure without technical sanction	1.047
	32	6	Irregular payment of works without project committee	1.423
	33	7	Doubtful expenditure without identification of sites	1.31
	34	8	Doubtful expenditure due to non maintenance of stock registers	1.504
UA 64	35	3	Irregular expenditure on civil works	1.729
	36	4	Loss due to short collection of Stamp duty	0.013
	37	5	Non allocation and Non-utilization Development Budget through CCB	0.511
	38	6	Irregular execution of work without observing codal formalities	1.729
	39	7	Non-conducting of Post Evaluation of Development Schemes	1.95
	40	9	Loss due to excess payment on account of less deduction of Shrinkage from earthwork	0.018
	41	10	Doubtful expenditure on account of earth filling	0.295
	42	11	Irregular award of tender inquiry	2.149
	43	14	Unjustified expenditure on procurement of store items	0.348
UA 65	44	3	Unjustified / Irregular Execution of Development Projects	3.643
	45	4	Non allocation and Non-utilization Development Budget through CCB	1.728
	46	5	Irregular expenditure on civil works	1.756
	47	6	Issuance of work order without obtaining performance security	0.055
	48	8	Un-authorized use of CCB funds	0.66
	49	9	Irregular execution of works and non production of BOQ	3.300
	50	10	Non accountal of stock into stock registers	0.045
	51	12	Loss due to short collection of Stamp duty	0.064

UA No.	Sr. No.	AIR Para No.	Description	Amount
	52	14	Non-conducting of Post Evaluation of Development Schemes	2.731
	53	15	Loss due to excess payment on account of less deduction of Shrinkage from earthwork	0.017
	54	16	Doubtful expenditure on account of earth filling	0.859
	55	17	Irregular award of tenders inquiry thereof	3.926
UA 66	56	3	Irregular expenditure on civil works	0.629
	57	4	Non allocation and Non-utilization Development Budget through CCB	0.7
	58	6	Un-authorized use of CCB funds	0.59
	59	7	Irregular execution of works and non production of BOQ	0.629
	60	9	Non-conducting of Post Evaluation of Development Schemes	0.629
	61	10	Loss due to excess payment on account of less deduction of Shrinkage from earthwork	0.008
	62	11	Doubtful expenditure on account of earth filling	0.145
	63	12	Irregular award of tenders inquiry thereof	0.635
	64	14	Non achievement of targets	7.343
UA 67	65	3	Irregular expenditure on civil works	2.414
	66	4	Non allocation and Non-utilization Development Budget through CCB	1.31
	67	5	Irregular execution of works due to splitting	1.3
	68	7	Un-authorized use of CCB funds	1.3
	69	8	Irregular execution of works and non production of BOQ	1.178
	70	9	Loss due to short collection of Stamp duty	0.056
	71	11	Non-conducting of Post Evaluation of Development Schemes	1.178
	72	12	Loss due to excess payment on account of less deduction of Shrinkage from earthwork	0.027
	73	13	Doubtful expenditure on account of earth filling	0.448
	74	14	Irregular award of tenders inquiry thereof	1.9
	75	16	Non accountal of stock into stock registers	0.054
	76	18	Non achievement of targets	8.77
UA 68	77	4	Unjustified / Irregular Execution of Development Projects	0.57
	78	5	Non allocation and Non-utilization Development Budget	0.424
	79	6	Irregular expenditure on civil works	0.600
	80	7	Non production of vouched accounts	0

UA No.	Sr. No.	AIR Para No.	Description	Amount
	81	8	Irregular execution of works and non production of BOQ	0.6
	82	10	Non-conducting of Post Evaluation of Development Schemes	0.6
	83	11	Irregular award of tenders inquiry thereof	0.6
	84	12	Loss due to non-recovery of tender fees	0.04
	85	13	Non accountal of stock into stock registers	0.57

Part-II
[Para-1.1.3]

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

(Rupees in million)

UA No.	Sr. No.	AIR Para No.	Description	Amount
23 (BWP)	1	2	Un authorized drawl of conveyance allowance	0.164
	2	8	Non allocation of sports fund / youth funds	0.097
	3	12	Non conduction of internal audit	-
	4	14	Default of stock taking	-
	5	15	Non-preparation of budget & monthly reports on prescribed format	-
	6	16	Expenditure beyond the jurisdiction of UA	0.029
	7	17	Un authorized shifting of headquarter	0.544
26 (BWP)	8	5	Non/ Less allocation of sports fund / youth funds	0.237
	9	11	Unjustified payment of arrear and allowances and recovery of computer allowance	0.143
27 (BWP)	10	6	Non / less allocation of sports fund / youth funds	0.151
	11	7	Irregular provision of budget allocation	1.046
	12	10	Non conducting of internal audit	-
	13	13	Non-preparation of budget & monthly reports on prescribed format	-
	14	15	Unjustified payment of arrear and allowances	0.083
87 (APE)	15	1	Non allocation and non utilization of development budget through CCB	0.273
	16	3	Non / less allocation of sports fund / youth funds	0.078
	17	7	Unjustified expenditure on development projects	0.906
	18	8	Non conducting of post completion evaluation	0.906
	19	10	Non accountal of store items into stock	-
	20	11	Irregular drawl of Computer Allowance	0.060
	21	12	Drawl on account of construction of culverts without identification of sites	0.083
	22	13	Doubtful expenditure on purchase of hand pumps and RCC Pipes	0.166
	23	14	Irregular payment on account of provision of electricity beyond the functions of UA	0.080
	24	20	Non-preparation of budget & monthly reports on prescribed format	-
88 (APE)	25	1	Non allocation and non utilization development budget through CCB	0.814
	26	3	Non / Less allocation of sports fund / youth funds	0.048

UA No.	Sr. No.	AIR Para No.	Description	Amount
	27	7	Non conducting of post completion evaluation	0.584
	28	10	Irregular drawl of Computer Allowance	0.062
	29	11	Doubtful expenditure on repair of hand pumps	0.208
	30	18	Non-preparation of budget & monthly reports on prescribed format	-
89 (APE)	31	1	Non allocation and non utilization of development budget through CCB	0.368
	32	3	Non / less allocation of sports fund / youth funds	0.068
	33	7	Non conducting of post completion evaluation	1.903
	34	10	Loss to Government due to not deducting shrinkage	0.042
	35	13	Non reconciliation of receipt	12.829
	36	14	Unauthorized retention of public money and retention of closing balance as per bank statement	0.367
	37	15	Non-preparation of budget & monthly reports on prescribed format	-
95 (Yazman)	38	1	Non allocation & utilization of funds through CCBs	0.709
	39	4	Non-deposit of additional performance security	0.062
	40	6	Non-preparation of development plan and non-utilization of development fund	2.856
	41	7	Non-conducting of post evaluation of development schemes	2.071
	42	10	Non / less allocation of sports fund / youth funds	0.268
	43	11	Non reconciliation of receipt	10.073
96 (Yazman)	44	1	Non allocation & utilization of funds through CCBs	2.918
	45	5	Non-preparation of development plan and non-utilization of development fund	5.332
	46	6	Non-conducting of post evaluation of development schemes	0.989
	47	9	Non / less allocation of sports fund / youth funds	0.014
	48	11	Non-deduction of shrinkage charges @ Rs 10 %	0.017
97 (Yazman)	49	1	Less allocation for CCB & non- utilization of funds through CCBs	0.422
	50	5	development fund	1.595
	51	7	Non-deduction / deposit of income tax and general sales tax	0.023
	52	10	Non-deduction of shrinkage charges @ Rs 10 %	0.009
98 (Yazman)	53	1	Less allocation & non-utilization of funds through CCBs	0.904
	54	5	Non-preparation of development plan and non-utilization of development fund	2.956
	55	6	Non-conducting of post evaluation of development schemes	2.249
	56	10	Unauthorized block allocation of funds for development activities	6.640

Annex – B

Detail of Budget and Expenditure of UAs

(Rupees in million)

Sr. No.	Name of UA	Nature of Expenditure	Original Grant	Supplementary Grant	Revised / Final Grant	Actual Expenditure	Excess (+) / Savings(-)
1	46	Salary	9.208	-	9.208	8.432	-0.776
		Non-salary	1.611	-	1.611	0.966	-0.645
		Sub Total	10.819	-	10.819	9.398	-1.421
		Development	7.036	-	7.036	2.356	-4.68
		Revenue	12.394	-	12.394	11.202	-1.192
		Total	41.068	-	41.068	32.354	-8.714
2	47	Salary	8.053	-	8.053	6.573	-1.48
		Non-salary	2.352	-	2.352	1.505	-0.847
		Sub Total	10.405	-	10.405	8.078	-2.327
		Development	10.757	-	10.757	4.183	-6.574
		Revenue	14.893	-	14.893	12.084	-2.809
		Total	46.46	-	46.46	32.423	-14.037
3	48	Salary	7.99	-	7.99	6.011	-1.979
		Non-salary	2.755	-	2.755	1.266	-1.489
		Sub Total	10.745	-	10.745	7.277	-3.468
		Development	11.613	-	11.613	4.255	-7.358
		Revenue	13.984	-	13.984	11.46	-2.524
		Total	47.087	-	47.087	30.269	-16.818
4	49	Salary	7.767	-	7.767	6.59	-1.177
		Non-salary	2.158	-	2.158	0.993	-1.165
		Sub Total	9.925	-	9.925	7.583	-2.342
		Development	11.189	-	11.189	2.977	-8.212
		Revenue	15.752	-	15.752	10.723	-5.029
		Total	46.791	-	46.791	28.866	-17.925
5	50	Salary	10.057	-	10.057	8.294	-1.763
		Non-salary	2.41	-	2.41	1.147	-1.263
		Sub Total	12.467	-	12.467	9.441	-3.026
		Development	5.246	-	5.246	1.8	-3.446
		Revenue	17.432	-	17.432	11.194	-6.238
		Total	47.612	-	47.612	31.876	-15.736
6	64	Salary	7.651	-	7.651	6.808	-0.843

Sr. No.	Name of UA	Nature of Expenditure	Original Grant	Supplementary Grant	Revised / Final Grant	Actual Expenditure	Excess (+) / Savings(-)
		Non-salary	1.69	-	1.69	1.408	-0.282
		Sub Total	9.341	-	9.341	8.216	-1.125
		Development	6.377	-	6.377	4.615	-1.762
		Revenue	11.6	-	11.6	9.656	-1.944
		Total	36.659	-	36.659	30.703	-5.956
7	65	Salary	9.354	-	9.354	5.203	-4.151
		Non-salary	3.781	-	3.781	1.256	-2.525
		Sub Total	13.135	-	13.135	6.459	-6.676
		Development	9.803	-	9.803	3.691	-6.112
		Revenue	13.75	-	13.75	11.266	-2.484
		Total	49.823	-	49.823	27.875	-21.948
8	66	Salary	9.008	-	9.008	8.037	-0.971
		Non-salary	3.592	-	3.592	1.237	-2.355
		Sub Total	12.6	-	12.6	9.274	-3.326
		Development	3.685	-	3.685	1.378	-2.307
		Revenue	12.543	-	12.543	10.5	-2.043
		Total	41.428	-	41.428	30.426	-11.002
9	67	Salary	9.963	-	9.963	5.476	-4.487
		Non-salary	1.912	-	1.912	0.773	-1.139
		Sub Total	11.875	-	11.875	6.249	-5.626
		Development	6.387	-	6.387	4.3	-2.087
		Revenue	17.647	-	17.647	15.292	-2.355
		Total	47.784	-	47.784	32.09	-15.694
10	68	Salary	5.279	-	5.279	3.639	-1.64
		Non-salary	5.019	-	5.019	0.221	-4.798
		Sub Total	10.298	-	10.298	3.86	-6.438
		Development	5.055	-	5.055	2.277	-2.778
		Revenue	13.803	-	13.803	9.611	-4.192
		Total	39.454	-	39.454	19.608	-19.846
	Grand Total	Salary	84.33	-	84.33	65.063	-19.267
		Non-salary	27.28	-	27.28	10.772	-16.508
		Sub Total	111.61	-	111.61	75.835	-35.775
		Development	77.148	-	77.148	31.832	-45.316
		Revenue	143.798	-	143.798	112.988	-30.81
		Total	444.166	-	444.166	296.49	-147.676